

# DAILY REPORT

*China*

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PRC INTERNATIONAL AFFAIRS  
GENERAL

A 1

SPOKESMAN ON CAL PILOT, AFGHANISTAN ISSUE

HK071038 Beijing ZHONGGUO XINWEN SHE in Chinese 1007 GMT 7 May 86

[Report: "China and Portugal Are Discussing Time and Place for Talks on Macao Issue" --  
ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 7 May (ZHONGGUO XINWEN SHE) -- China and Portugal are discussing the time and place for the talks on the Macao issue. Ma Yuzhen, a Foreign Minister spokesman, said the above in reply to the question raised by a reporter at this afternoon's news briefing.

At today's news briefing, three reporters asked about Captain Wang Xijue, who flew a CAL Boeing 747 cargo plane to the motherland. Ma Yuzhen did not give them a direct reply. He said: The Civil Aviation Administration is responsible for handling this issue. Please ask the Civil Aviation Administration.

A reporter asked what China comment had on the change of the head of the Afghan Government. This spokesman said: We have only one remark to make. That is, the key to the political settlement of the Afghan issue lies in the withdrawal of Soviet troops from the country.

PRC 'WORKING PAPER' URGES DISARMAMENT TALKS

OW090554 Beijing XINHUA in English 0539 GMT 9 May 86

[Text] United Nations, May 8 (XINHUA) -- China today said that arms reduction talks should not be "monopolized" by a few big countries, and multilateral deliberations and negotiations should take a "central role" in disarmament. "As the question of disarmament concerns the security of all countries, it should not be monopolized by a few big powers. Disarmament agreements between them must not jeopardize the interests of other countries," said a working paper China submitted to the U.N. Disarmament Commission today. The paper stressed that "all countries, big or small, militarily strong or weak, should enjoy equal rights to participate in the discussions and settlement of problems related to disarmament."

The working paper was addressed to Ambassador Henning Wegener of Federal Germany, chairman of the 1986 session of the commission, by Fan Guoxiang, Chinese ambassador for disarmament affairs and head of the Chinese delegation to the commission. The paper pointed out that multilateral disarmament deliberations and negotiations and bilateral, small-scaled or regional disarmament negotiations should be complementary and promote each other. But, "as compared with the latter, the former has the central role and primary responsibility," it emphasized.

The document urged the participants in bilateral negotiations to take an active and constructive part in the U.N. disarmament deliberations and multilateral negotiations. Negotiators in bilateral talks "should not overlook or hinder multilateral negotiations on the pretext that similar disarmament issues are being tackled in the bilateral negotiations," it added.

The participants in bilateral, small-scaled or regional disarmament negotiations, it said, "should constantly keep the United Nations and the multilateral negotiating body informed of the developments in their negotiations. It should be more so when the subject matter of their negotiations concerns the wider interests of other countries beyond those of the participants." The document urged all states to strictly abide by the provisions of the U.N. Charter, refrain from actions which might adversely affect the disarmament efforts, and display a constructive approach towards arms talks and the political will to reach agreement.

It is noted that the United Nations has a central role and primary responsibility in disarmament, and should encourage all disarmament measures and be kept informed of all disarmament efforts and developments, whether unilateral, bilateral, regional or multilateral, without prejudice to the progress of negotiations.

The United Nations is entitled to consider all international disarmament issues and the implementation of its rights should not be limited or obstructed, it added. It said that the United Nations should constantly oversee the implementation and observance of international disarmament agreements and take prompt and necessary actions against non-compliance. The U.N. Disarmament Commission began a closed-door session on Monday that will continue until the end of this month.

#### FOREIGN EXPERTS DISCUSS ASIAN ISSUES

OW081721 Beijing XINHUA in English 1540 GMT 8 May 86

[Text] Beijing, May 8 (XINHUA) - Scholars from 13 Asian countries and regions gathered here to discuss the area's development experiences and perspectives at a conference which opened today. Topics to be discussed during the four-day conference, which is sponsored by the Chinese Academy of Social Sciences (CASS) and the United Nations University, include the forming of social and economic development strategies which are suitable to a country's concrete conditions and present international environment, the solution to agricultural development issues, and the role of the state, and science and technology in development. Also to be discussed are the potential and perspectives for regional cooperation.

Chinese representatives have presented five papers to the conference, dealing with such topics as rudimentary experiences and existing problems in China's agricultural development, and the advancement and experiences of the current reforms of China's economic structure.

In his opening speech, Li Shenzhi, vice-president of CASS, said that Asia has great potential for economic development and regional cooperation. "Asian countries have obtained many valuable experiences in the issues to be touched on at the conference. I am sure that the conference will contribute to further progress in economic development and regional cooperation among the Asian countries." he said. Also speaking at the opening ceremony was Kinhide Mushakoji, vice-president of the United Nations University.

#### U.S. SOVIET ARMS TALKS RESUME IN GENEVA

OW082016 Beijing XINHUA in English 1740 GMT 8 May 86

[Text] Geneva, May 8 (XINHUA) -- The fifth round of U.S.-Soviet talks on reducing nuclear and space weapons opened at the Soviet mission here today with both sides sticking to their previous divergent positions. Speaking to reporters just minutes before the first plenum of the negotiations, Viktor Karpov, head of the Soviet delegation, said that the U.S. "star wars is the stumbling block" in the arms negotiations and he envisaged that the negotiations here would be difficult. The Soviet chief negotiator also dismissed Western press claims that the accident at the Soviet Chernobyl nuclear power plant cast doubt over the verification of Soviet nuclear disarmament. "I do not see any connection between the decisions we can reach in Geneva and Chernobyl." he said.

Karpov announced some personnel shuffle in the Soviet delegation. Karpov, who has been responsible for strategic arms talk, will take charge of the space weapons talk and will negotiate directly with U.S. chief delegate Max Kampelman.

Taking over for Karpov is Alesksey A. Obukhov, who had headed the talks on medium-range missiles and will be replaced by his former deputy, Lem A. Masterkov.

Since negotiations on the nuclear and space weapons started on March 12, 1985, no substantial progress has been achieved. The two superpowers are as far apart as ever, despite agreement to accelerate the talks reached by U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev last November. Since the end of the fourth round of negotiations in January, Moscow has called for the elimination of all nuclear weapons by the end of this century, while Washington has suggested the abolishment of all medium-range missiles by 1990. But neither has accepted the others proposal. On the space weapons issue, the Soviet Union has been vehemently opposing the U.S. "star wars" programs ever since it was revealed. So, the talks resumed in an atmosphere clouded by mutual accusations of blocking progress in separate statements issued by Kampelman and Karpov on their return to Geneva Tuesday.

Karpov charged the United States with doing "virtually nothing" to break the stalemate. There "has been no real progress" since the talks first started, he said.

Kampelman said Washington is still waiting for the Soviets to get down to "serious negotiation" and to respond to U.S. proposals.

Observers said that the present round of negotiations, scheduled to last seven or eight weeks, are unlikely to make any breakthrough, although both sides might provide new arms reduction suggestions.

#### RENMIN RIBAO ON CURRENT U.S. -SOVIET RELATIONS

HK080903 Beijing RENMIN RIBAO in Chinese 6 May 86 p 6

[ "Commentary" by Zhang Liang: "The Disquiet U.S. -Soviet Relations" ]

[Text] In the past few months of this year, U.S. -Soviet relations have been very irregular, one wave rising after another. The U.S. -Soviet summit in November last year has improved the political atmosphere in the relations between the two countries, their economic relations and trade have begun to ease up, and the two sides have maintained the momentum of holding dialogue. However, the two countries differ greatly on many issues and have endless disputes over them. Moreover, unexpected incidents have occurred from time to time, causing confrontation and markedly dispersing the atmosphere of relaxation.

The U.S. -Soviet relations have recently become strained. This is manifested first in the serious opposite stands of the two countries on disarmament. No progress was made at the fourth round of U.S. -Soviet talks on limitations of weapons in Geneva this year. The leaders of the two countries put forward one after the other new proposals on disarmament in January and February this year, but they stressed different things. Gorbachev proposed that by the end of this century, all nuclear weapons should be eliminated from the world. He particularly stressed that neither side should develop space weapons for attacks and that both sides should stop nuclear tests. On the other hand, Reagan proposed that the two sides should first reach agreement on medium-range missiles and stressed that the United States and the USSR should eliminate all medium-range nuclear missiles within the coming 3 years. Since these two proposals on disarmament differ greatly in many specific aspects, they have been the major topics of dispute between the two sides. The question of stopping nuclear tests in particular has caused fierce struggle between the two sides. On 6 August last year, the USSR unilaterally declared that it would temporarily stop nuclear tests and asked the United States to do the same, but the United States rejected this proposal. On 15 January and 31 March this year, the USSR again expressed that it would extend the period for temporary stoppage of nuclear tests so that the United States might respond.

However, the United States not only ignored the Soviet proposal, but acted in a diametrically opposite manner and carried out three underground nuclear tests in March and April.

The USSR has regarded stopping nuclear tests as "the most realistic way to stop the arms race," and that the current deadlock on nuclear disarmament may be broken if an agreement on stopping nuclear tests can be reached. However, the United States held that since the USSR has gained the upper hand in some aspects of nuclear arms, temporary stoppage of nuclear tests "does not tally with the security and interests of the United States, its friends, and allied countries" and that "appropriately conducting nuclear tests is indispensable for maintaining the reliability of our nuclear deterrent strength." As a matter of fact, the reason the United States and the USSR dispute over the question of stopping nuclear tests is because this question involves an important aspect of the contention for military superiority between the two sides. As pointed out by Western newspapers and magazines, the reason the USSR demands stoppage of nuclear tests is to prevent the United States from improving its nuclear weapons and developing space weapons, and the reason the United States does not want to stop nuclear tests is that it wants to strengthen its nuclear deterrent strength and promote its strategic defensive research. Therefore, faced with the uncompromising U.S. stand, the USSR announced on 11 [April] that it would no longer commit itself to temporary stoppage of all nuclear tests. Western diplomats in Moscow remarked that confrontation between the United States and the USSR on the question of nuclear tests has caused a new atmosphere of tension in U.S.-Soviet relations.

Second, the United States and the USSR have not yet agreed on a definite date for the second summit. Originally, both sides agreed in principle during the summit in November last year that Gorbachev would visit the United States to attend the second summit this year. However, because of differences between the two sides on disarmament and other issues, the date for the summit has not yet been fixed. In the beginning, Gorbachev proposed at the 27th CPSU Congress in February that concrete results must be obtained at the new summit in the most important aspects of arms restriction and reduction, and that at least understanding must be reached on stopping nuclear tests and eliminating U.S. and Soviet medium-range missiles in Europe. Public opinion in the West holds that the USSR in fact regards disarmament as the prerequisite for the summit. In this way, the date for the meeting may be postponed a long time. If the meeting cannot be held in June and July this year, it cannot be held when the United States is busy with the mid-term election either. Whether the meeting can be held in November after the election remains uncertain. The United States expressed that "it is impossible" to link the U.S.-Soviet summit with disarmament talks. It even held that it is precisely because there are differences between the two sides that a new summit is all the more necessary. Through negotiations, the United States and the USSR decided to hold a meeting of the foreign ministers of the two countries to prepare for the summit. However, a storm may arise from a clear sky. Not long ago, after the United States attacked Libya on the grounds of opposing terrorism, the USSR declared canceled the planned meeting of the foreign ministers of the two countries. Gorbachev expressed: "If the United States continues to act in this way to poison the atmosphere, it will cast a shadow over the meeting in the future." This again added difficulty to the summit. As some U.S. analysts thought, although to date the plan for holding the summit this year has not been officially canceled, ill omens have shown that the atmosphere in U.S.-Soviet relations has cooled.

Third, the strain in U.S.-Soviet relations is also manifested in bilateral relations and regional conflicts. A conspicuous instance is that on 7 March this year, the U.S. Department of State demanded that the USSR reduce its permanent personnel to the United Nations from 275 to 170. In its statement, the U.S. Department of State said that the enormous Soviet diplomatic mission to the United Nations has "constituted a threat to U.S. national security" and that the United States has made this decision because the Soviets have engaged in activities that have nothing to do with the affairs of the United Nations, including espionage. The USSR held that the United States took "an imperious and groundless move" and expressed its "resolute protest." It also pointed out that such acts "cannot but most seriously affect" U.S. -Soviet relations. Besides, on 13 March, two U.S. warships purposely entered the territorial waters south of the Soviet Crimea peninsula to "probe the defensive strength of the USSR." The USSR lodged a protest saying that this U.S. act is "of the nature of putting on a show of force" and has a "clear provocative purpose." As far as regional conflicts are concerned, U.S. -Soviet confrontation has also apparently been intensified. Old problems remain and new ones have emerged. On 15 April, the United States launched an air raid against Libya and attacked the Soviet missile base in Libya. This made the dispute between the United States and the USSR become fierce once more. The USSR not only "resolutely denounced" the U.S. aggressive banditry, "but also demanded that the United States immediately stop such acts, else the USSR "be compelled to draw a conclusion with more far-reaching significance." Besides, this year, the United States will for the first time provide Angolan and Afghan guerrillas with several hundred advanced Stinger missiles and will continue to provide military aid to the Nicaraguan antigovernment armed forces. The U.S. WASHINGTON POST held that all this indicates "an important change in U.S. policy" to strengthen its offensive in regional conflicts.

Regarding U.S. -Soviet relations at present, a large number of commentaries in Western newspapers and magazines hold that while both sides continue to stress the necessity of holding dialogue, the coloring of confrontation has increased. Some say that since the beginning of this year, the USSR has stressed a peace offensive and has put forward a series of proposals on disarmament. In view of West European countries' worries and anxiety about the balance of military forces in Europe, the USSR has also put forward the proposal of reducing conventional forces and dissolving both the Warsaw Treaty Organization and NATO. The purpose is to gain the initiative in the public opinion, to try to reach some disarmament agreements with the United States, and to compel the United States to give up the "star wars" program. Many Western diplomats also held that the reason the USSR is acting in this way also because it wants to gain time to implement its "accelerated development strategy" in order to invigorate its national strength. Therefore, it has to maintain the momentum of holding dialogue with the United States. On the other hand, the United States wants to make use of the present opportunity to compel the USSR to make some concessions in disarmament and to strengthen its offensive in regional conflicts.

In short, as viewed from the recent U.S. -Soviet relations, U.S. -Soviet relations will continue to be sometimes relaxed and sometimes strained while following the general pattern of contention and confrontation.

LI XIANNIAN MEETS U.S. TREASURY SECRETARY

OW081223 Beijing XINHUA in English 1157 GMT 8 May 86

[Text] Beijing, May 8 (XINHUA) -- President Li Xiannian said today that the policy of opening to the outside world will be implemented persistently in China, and this policy will not be changed by this generation or the next. He made the remarks while meeting visiting U.S. Secretary of the Treasury James Baker and his party. They had a friendly talk.

He said China has achieved remarkable progress in various aspects since the open policy was implemented in 1979 and is summing up its experiences in order to overcome shortcomings and solve existing problems. Speaking on the relationship between China and the United States, Li held that, though progress has been made over the past few years, there are still issues to be solved. He hoped for a further development of the bilateral relations.

Baker said the U.S. and China have attained substantial progress in improving their bilateral relations over the past four or five years, adding that the two countries have much work to do in this field. He hoped to see more investment in China by U.S. entrepreneurs. "This will not only benefit the Chinese people but also the American people," he said.

Among those present were Wang Bingqian, state councillor and minister of finance, and Winston Lord, U.S. ambassador to China. Wu Xueqian, state councillor and foreign minister, had earlier met the U.S. visitors.

YANG DEZHI PREDICTS SUCCESS FOR U.S. VISIT

OW081824 Beijing XINHUA in English 1816 GMT 8 May 86

[Text] Washington, May 8 (XINHUA) -- Yang Dezhi, visiting chief of the general staff of the Chinese People's Liberation Army, said here Wednesday evening that his current 16-day visit to the United States will be successful. At a dinner hosted by Chinese Ambassador to the United States Han Xu, General Yang expressed his hope that the friendship between the Chinese and American peoples and the friendly contacts between the armed forces of the two countries will continue to develop.

Yang's visit is at the invitation of Chairman of the U.S. Joint Chiefs of Staff Admiral William Crowe. The visit is in reciprocation of a visit to China by former Chairman of the U.S. Joint Chiefs of Staff Admiral John Vessey last year.

Yang and his party left here this morning for New River, North Carolina, at the end of their three-day visit to Washington. During his stay in Washington, Yang met with U.S. Vice President George Bush, U.S. Secretary of Defense Caspar Weinberger and Acting Secretary of State John Whitehead. He also held talks with Admiral Crowe and other members of the Joint Chiefs of Staff on issues of common concern. Yang and his party will visit several U.S. military installations during their tour, which will also take them to Florida, Utah, San Francisco, Los Angeles and Hawaii.

U.S. ADVISER ON ARMS CONTROL TALKS WITH USSR

OW90214 Beijing XINHUA in English 0055 GMT 9 May 86

[Text] Washington, May 8 (XINHUA) -- A top U.S. arms control official said today that the United States does not want the ongoing U.S.-Soviet arms control talks in Geneva to be disturbed by events like the U.S.-Libya conflicts and the Chernobyl nuclear plant accident.

Appearing on CBS's Morning News program, special arms control adviser, Paul Nitze said, "We try to make these negotiations as serious as we possibly can. We want to have an agreement. We want therefore to isolate, to the extent that is possible, the serious negotiations from outside things that might disturb them."

Asked whether there is some room for real progress, Nitze replied, "If the Soviets were to come to the conclusion that they really seriously want to make progress toward an outcome, I think it would be possible to move rapidly and positively toward a useful, concrete result." He pointed out, "It remains to be seen whether or not the Soviets really want to do that. At the moment, the indications are that they are more interested in the public opinion aspects, the pressure they can put upon us to make unwarranted concessions through their propaganda campaign." Nitze said that the United States would not lose patience. Rather, it is going "to continue the effort."

LIAOWANG CN U.S. 'WORLD HEGEMONY' OBJECTIVE

HK061524 Hong Kong LIAOWNAG OVERSEAS EDITION in Chinese No 18, 5 May 86 pp 28, 29

[Article by Wan Guang: "The U.S. Comeback Strategy"]

[Text] All from its determination to carry out the "star wars" plan to its recent actions to pursue "Reaganism" to step up regional contention shows that the long-term strategic objective of the U.S. authorities is to regain world hegemony. What is the historical background of this U.S. strategy? What is the essential content of this strategy? What difficulties will this strategy encounter? People are interested in these questions.

In the first few years following World War II, the world hegemony of the United States, reached its peak. However, the Soviet Union also developed rapidly in the postwar period, and some allies of the United States also recovered from the destructive effects of the war. In particular, the rise of the Third World caused a series of setbacks for the United States. After the failure in its aggression against Korea and the failure in the war of invading Vietnam from the 1960's to 1970's, coupled with the disastrous effects of economic crises, the United States declined sharply.

In 1971, then U.S. President Nixon said: "Compared with our status in the days immediately following World War II, the United States is now facing challenges we have never before imagined." Nixon's doctrine was to seek a balance of strength between the United States and the Soviet Union to prevent the Soviet Union from gaining superiority. Nixon began the "era of restoring talks" with the Soviet Union. He tried to use "detente" to contain the expansion of Soviet influence and gain time for his country to rebuild strength. From Nixon to the early period of the Carter administration, the United States made strategic retreat from some Asian areas. Under the influence of the "sequel of the Vietnam war," Carter said he would "use water to fight fire" and would avoid "using fire to fight fire." That is, he concentrated on using economic means to contend for the sphere of influence with the Soviet Union and tried to avoid taking military action in overseas areas.

On the other hand, the Soviet Union took advantage of the decline of the United States and adopted an "offensive strategy" in the 1970's under the "detente" environment to expand its sphere of influence. In particular, the Soviets sent troops to occupy Afghanistan in 1979 and extended their sphere of influence close to the Persian Gulf. This forced Carter to announce that he would carry out armed interference in the Gulf region in order to check the Soviet Union's southward offensive.

Reagan won two terms of the presidency by raising the slogan of "making America strong again." In his first term of office, Reagan rebuilt his country's military strength; intensified military deployment in Europe, the Middle East, and the Asia-Pacific region; and conducted direct military intervention in the Middle East and Central America. In the early 1980's, after passing a serious economic crisis in the West, the U.S. economy recovered rapidly, greatly strengthening its economic position in the capitalist world.

At that time, Washington changed its assessment of the balance of strength in the world. Its new viewpoint can be found in the remarks uttered by Secretary of State Shultz in 1985. He said: "In the past 4 years, the basic things in U.S.-Soviet relations have obviously changed." "The United States is restoring its military and economic strength and at the same time restoring its self-confidence." "On the contrary, the Soviets are facing profound structural economic difficulties and a turbulent situation regarding its allies and its diplomatic activities.... they are now on the defensive in many areas of the world. So, we have every reason to believe that the balance of strength is to our advantage."

The U.S. authorities formulate policy according to this assessment of the situation. In Shultz' words, the current President of the United States will have to reassume "an active leading role."

In his 1984 State of the Union message, Reagan said: The United States will "demonstrate its leading position in the field of technology" and will develop "our next border: outer space."

In his 1985 State of the Union message, he said: "We have reassumed our historical role of being the leader of the free world," and we will usher in "the second revolution, which will bring hope and changes to the United States, a revolution which will advance the boundary of knowledge and space and will raise our progress to a new high." This year, he said in his State of the Union message: "Now it is time for the United States to give full play to its capabilities." The United States will "enlarge the big family of the free world."

The long-term strategic objective that Reagan will pursue in his second term of office is to make full use of the country's technological and economic advantages, especially the country's leading position in the new technological revolution, to rebuild its world hegemony. It will not only seize the military strategic superiority over the Soviet Union, but will also develop its superiority over other developed countries and developing countries.

The "star wars" plan pursued by the Reagan administration serves this precise strategic purpose. Execution of this plan will break through the current basic equilibrium of military strength between the United States and the Soviet Union. By developing space weapons -- to be deployed by the end of this century or in the next -- the United States will gain military strategic superiority. This plan will also promote the country's technological development and consolidate its leading position in the technological revolution, and will stimulate economic growth in the United States. Therefore, it is a plan to seize comprehensive hegemony and to win military, technological, and economic advantages.

The strategic purpose of the United States is also reflected in "Reaganism," a doctrine that the Reagan administration is pursuing. On 14 March, Reagan said in his State of the Union message: The United States has "duties and security interests" in all parts of the world outside its own boundary, so it will exercise "powerful and effective leadership." His message emphasized that regional conflicts form "a key link in U.S.-Soviet relations," because "the Soviet Union cannot continue to pursue its policy of the 1970's."

He said that the Soviet advance in the past is not irreversible. The United States is now changing tactics to consolidate its current positions and will take more offensive actions in the Third World to expand its positions. The State of the Union message also said: Because of its limited strength, the United States will use various means to assist and support local military forces. Reagan recently set up a secret "208 commission" to coordinate affairs in this regard. The United States will strengthen its ability to participate in "low-intensity" conflicts so as to conduct armed threats, attacks, and interference against Third World countries.

In February this year, Reagan and the U.S. naval authorities announced that the United States will hold control of 16 straits and waterways that are the key passages linking various major seas and oceans in the world.

Obviously, the U.S. strategic objective of regaining world hegemony will not be realized within Reagan's tenure of office. So Reagan said in this year's State of the Union message: At present, we will "determine the line for the remaining years of the 1980's, or in fact, for the remaining time of this century." So, the strategy formulated by the Reagan administration is aimed at a future period extending into the next century. From the angle of U.S. history, this strategy represents its efforts to stage a comeback to regain world hegemony, which was once shaken.

However, the development of the world situation in the decades since World War II and the development of various factor -- including the Third World, the Soviet Union, the allies of the United States, and the domestic situation of the United States -- have made it impossible for the United States to regain the absolute world hegemony it enjoyed in the early postwar years. Indeed, the United States has improved things in some aspects in recent years, but the overall conditions show that it has not fundamentally reversed the declining tendency of its ability to control and influence the world.

The United States is now faced with many difficulties. First of all, the foundation of the U.S. economy is not solid enough. In recent years, the United States relied on the policies of high budget deficits, high interest rates, and high exchange rates of the U.S. dollar to support its economy, but these policies have brought about adverse consequences. In 1985, the growth rate of the U.S. economy slowed down, and it is likely that a new economic crisis may occur in the coming years. In 1985, the country's foreign trade deficit reached nearly \$150 billion, and foreign funds flowing into the country totalled some \$1,000 billion. For the first time since 1914, the United States has become a net debtor country. In fiscal year 1985, its financial deficit reached \$212.3 billion. By 1 April 1986, the total amount of national debt had topped \$2,000 billion. Its economic capacity will seriously affect the pace of its arms expansion.

Since Reagan came to power, the extensive peace movement which involves all social strata has been surging in the United States. The domestic peace movement in the United States and the mass antinuclear and peace movements in other parts of the world echo each other and form strong pressure on the U.S. authorities. Its "Reaganist" policy of assisting the Nicaraguan antigovernment armed forces and its Central American policy have also encountered opposition at home.

The tendency of independence is growing among West European countries, which not only have political and military strategic differences with the United States, but also compete intensely with the United States in the economic and technological fields.

The United States is trying to collapse the Soviet economy through a new round of comprehensive arms race, and is also trying to force the Soviets to make concessions in arms negotiations by relying on its strength. However, the U.S. authorities have also admitted that the Soviet Union under the leadership of Gorbachev is a tough rival.

The development of the tendency of independent and self-determination among Third World countries and their strong opposition to the U.S. policies toward the Middle East, southern Africa, and Central America pose the hardest difficulties for the United States as it tries to launch offensives in the Third World. The recent incidents in Haiti and the Philippines show that many pillars on which the United States is relying are not at all reliable.

All this shows why Reagan said he had to adopt a policy of combining "restrained containment" with "restrained detente" in his second term of office. The United States still needs time to put its home in order and to consolidate and expand its overseas positions so as to gain advantages.

This is the background situation in the new period in which the United States has to continue the confrontation and the dialogue with the Soviet Union at the same time.

**\*U.S. AIM WAS TO GET RID OF AL-QADHDHAFI'**

HK021015 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 17, 28 Apr 86 pp 24-25

[Article by contributing LIAOWANG reporter Mu Guangren: "U.S. Air Raid on Libya -- The Biggest U.S. Military Operation Since the War in Vietnam"]

[Text] On 15 April, the U.S. air raid on Libya shocked the whole world. It was the biggest irony of 1986, designated the "International Peace Year" by the United Nations.

According to the Pentagon spokesman, more than 100 military planes were sent out in this action. They included 18 FB-111 bombers which took off from a base in Britain, 28 KC-10 and KC-135 tankers which refueled the bombers en route, and 5 EF-111 electronic warfare planes which were responsible for jamming the Libyan radars. In addition, 26 A-6, A-7, and A-10 [as published] fighters and at least 24 support planes took off from the two carriers which were in the Mediterranean. There were a total of 160 warplanes on the two carriers -- the Coral Sea and the America and some of these planes took part in the air strike. Another 18 warships were on the alert nearby.

The U.S. Defense Department acknowledged that the air strike on Libya was the largest military action of the United States since the end of the Vietnam war.

What was the aim of this large-scale action which involved such a large force? Washington is still trying hard to describe this air strike as a "major operation" to remove the malignant tumor of terrorism. In order to justify this action, Washington showed intelligence it had collected through advanced technical means about the bombing of a discotheque in West Berlin and about plans which the terrorists might soon carry out. However, Al-Qadhdhafi flatly denied any connection with these things.

The U.S. decision was much more important than the intelligence. As a matter of fact, the United States was bent on dealing a blow at Al-Qadhdhafi, no matter whether it could find some excuse or collect some reliable intelligence, as in its invasion of the Gulf of Sidra in March, when the United States had decided to do something no matter whether or not Libya fired at the invading American warships and warplanes. The U.S. decision was to make Al-Qadhdhafi the first target of attack. Collecting intelligence about terrorists and provoking Libya to open fire were merely the means that could create the condition, or give it some pretext, to execute the decision.

"The drinker's heart is not in the cup." Obviously, Washington had ulterior motives. Getting drunk would be a good excuse for creating a disturbance to realize one's scheme. Therefore, "antiterrorism" was a good wine for Washington to drink.

The U.S. aim was to get rid of Al-Qadhdhafi, and the Americans did not conceal their intention. The air raid was made just 3 weeks after the U.S. Navy's invasion of the Gulf of Sidra on 24 March, or merely 102 days after the Coral Sea was ordered to sail close to Libya on 3 January. So the air raid was just part of the serial play aimed at getting rid of Al-Qadhdhafi lives were one of the five targets of this air strike. In the raid was just part of the serial play aimed at getting rid of Al-Qadhdhafi by armed force. The Al-Aziziyah barracks where Al-Qadhdhafi lives were one of the five targets of this air strike. In the raid, Al-Qadhdhafi's 15-month-old adopted daughter was killed, and two of his sons were wounded. Al-Qadhdhafi himself narrowly escaped death.

It was rumored that a few days after the air raid, armed conflicts occurred inside some barracks in Tripoli, and Washington did not conceal its delight at this rumor by hailing "well done." It even openly claimed that the U.S. military action also served the purpose of supporting the anti-Al-Qadhdhafi forces in Libya. This may be regarded as a move to "stir up a munity through military interference."

Cairo's AL-AHRAM reported that the United States three times asked Egypt to send its ground forces to fight against Libya in coordination with the U.S. military action, but Egypt turned down these requests. The United States was trying to "murder with a borrowed knife."

In January this year, the United States called for its West European allies to join hands in applying economic sanctions against Libya encountered difficulties caused by the fall in oil prices so as to bring down Al-Qadhdhafi. This was an attempt to "drop stones on someone who has fallen into a well." However, the West European allies also turned down the U.S. proposal. All these stratagems served one single purpose, that is, to get rid of Al-Qadhdhafi.

The Americans who decided to get rid of Al-Qadhdhafi have their reasons: They regard Libya as the "headquarters" for all the world's terrorist activities. However, more American people think that the use of violence in retaliation will just stimulate an escalation of terrorist activities. Most of the European allies also hold the second viewpoint.

The United States is trying to get rid of Al-Qadhdhafi not only because it hates him. It has another logic, the logic of a superpower. When the crisis in U.S.-Libyan relations appeared, Libya invited the Soviet Union to install seven SAM-5 missile bases. Washington holds that the existence of the Al-Qadhdhafi regime gives the Soviet Union a chance to increase its influence in the southern Mediterranean region

Because the United States is contending for dominance over the Mediterranean Sea with the other superpower, the Pentagon's combat schemes for attacking Libya included many strategic considerations.

On 18 April, the Pentagon's spokesman Sims described the air strike as a "nearly perfect military action" which was "unprecedented in U.S. military history". He said that it was a deep night operation far from base under extremely difficult conditions.

His words may include the following meanings:

-- The United States for the first time used its advanced weapons of the 1970's and 1980's in a real battle. These weapons included the improved model of F8-111 fighter-bomber which has the capacity to fly a long distance, the EF-111 electronic warfare plane which can jam the enemy's radar, and HARM missiles which are used to destroy the enemy's radar. In the battle of the Gulf of Sidra, the United States also used the Harpoon antiship missile. These are all weapons used in coordinated battles in modern warfare.

-- The United States for the first time successfully employed the tactics of using the FB-111 long-distance bomber. The FB-111S were put into service in the late 1960's. The planes were used in the Vietnam war, but their operations were not quite successful. Afterward, the planes' properties were improved. This time, the FB-111S took off from an air base in Britain and flew along the eastern coast of the Atlantic Ocean, because France and Spain did not allow the planes to fly through their territorial airspace. They passed through the Strait of Gibraltar and flew at a very low altitude. According to Sims, the planes flew only 150 meters above the sea surface en route to raid Tripoli. This showed that the Pentagon intended to test its post-Vietnam war long-distance bombing capacity.

-- The United States for the first time fought a large-scale sea and air battle against a distant Mediterranean country completely on its own. After World War II, in the Korea war, the Vietnam war, and other minors the United States mainly helped its proxies to fight, but this time it fought all by itself.

I am not a military expert, and the accuracy of my argument is not certain. However, these things all show the U.S. strategic considerations, and this obviously goes beyond the limits of coping with terrorism.

A related question is: Will the United States follow the old disastrous road? After drawing a lesson from the painful experience of the Vietnam war, isolationism rose again in the United States. Nixon and other people sadly admitted that the United States had passed the peak in the postwar period. So in the past more than 10 years, the Americans did not recklessly involve themselves in military conflicts in any part of the world. However, since Reagan came to power, the United States has restored its strength. Its rival -- the Soviet Union -- is busy dealing with economic difficulties and power transfers. Under these circumstances, President Reagan seems bolder in taking military action overseas.

The White House does not fear the Third World. In its eyes, the air raid on Libya would just evoke some protests, which would not do any actual harm to the United States.

The West European allies were all seeking better relations with the Middle East countries, and they all had interests in Libya. So they did not want to see the escalation of the U.S.-Libyan conflict. Then, the United States decided to go its own way and fight the battle on its own.

It seems that the drinker has indeed gotten drunk. Washington is somewhat intoxicated with its successes in the few rounds of fighting, with the cheers of thousands of Americans who called the White House after the air raid, and with the dream of the "revival of the American century."

Such intoxication will give rise to a latent crisis. It may prevent the White House from soberly realizing that not every American agrees with its military adventure, because this adventure will eventually endanger the security and fundamental interests of the American people. It may also prevent the White House from seeing the centrifugal tendency among its allies developing along with its adventures and from seeing the mainstream of the world's people who demand peace. It is possible that some people may become tipsy and lose their bearings, and finally backtrack to the old road of pursuing a new gunboat policy to seek hegemony in the world. However, will the American people allow them to repeat the painful historical experience?

ROUNDUP VIEWS U.S. MANEUVERS IN CENTRAL AMERICA

OW072032 Beijing XINHUA in English 1748 GMT 7 May 86

["Roundup: U.S. Conducts Series of Military Maneuvers in Central America (by Hu Tairan)"  
-- XINHUA headline]

[Text] Beijing, May 7 (XINHUA) -- The United States has held a series of large-scale military maneuvers in the Caribbean and Central America since the beginning of this year, which were apparently directed against Nicaragua.

Since February, four joint exercises have been staged by U.S. and Honduran forces in six of the ten provinces of Honduras, one of which was carried out only 25 kilometers from the border of Nicaragua.

The newly-concluded maneuver, codenamed "Cabanas-86," was conducted in the country's Gracias a Dios Province, which borders on Nicaragua. In addition to the 2,000 soldiers involved in the exercises, the United States also sent 96 engineers and 450 tons of materials there to build a military airport for the Hercules airfreighters 20 kilometers from Nicaragua. Meanwhile, two U.S. warships cruised on the sea near the country, and 50 engineers were dispatched to Costa Rica to construct a runway for the Hercules 30 kilometers from Nicaragua.

The United States participated in the 4,000-soldier "General Tosta" military maneuvers in Honduras late in March. It mobilized 18 helicopters to send 600 Honduran troops to the border to resist the "aggressors" on the pretext that Nicaraguan forces had invaded Honduras. This increased the tension along the border of the two countries and was thought to be the "first U.S. combat exercise" near Nicaragua and an "escalation of its military action" in Central America. It has also sent a large number of military advisers to Honduras to train the anti-government forces of Nicaragua there, according to the Nicaraguan government.

To the serious concern of the world, however, the United States started a series of large-scale amphibious military excercises late last month. The war game involved nearly 10,000 U.S. marines, one aircraft carrier and more than ten other warships as well as about 170 paramilitary personnel from Jamaica, Antigua, Dominica, Grenada, St. Kitts-Nevis and St. Lucia, six English-speaking island nations in the Caribbean.

The manouvers, codenamed "Ocean Venture '86," began with a mock landing on Puerto Rico's island of Vieques and will end up with another on Grenada on May 11. The United States claimed the game would strengthen their ability of offering emergency "military aid" to the Caribbean in case some of the island countries should fall into the hands of "radicals."

The Latin American peace-loving forces, represented by the Contadora Group, are seeking to sign the draft of Central American peace treaty to solve the crisis in the area, and the countries concerned there have all expressed their wish for peaceful resolution.

But the U.S. Government, while urging the Congress to approve the bill of 100 million dollars aid to Nicaraguan anti-government forces, have subsequently carried out military exercises in the Caribbean, which apparently runs counter to the efforts by the Contadora Group and the will of the Central American people. The attempt of U.S. actions and their possible consequences cannot but cause great concern in Central America as well as the rest of the world.

I. 9 May 86

PRC INTERNATIONAL AFFAIRS  
SOUTHEAST ASIA & PACIFIC

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JI PENGFEI REAFFIRMS HONG KONG EMPLOYMENT POLICY

OW081233 Beijing XINHUA in English 1153 GMT 8 May 86

[Text] Beijing, May 8 (XINHUA) -- State Councillor Ji Pengfei today expressed the hope that expatriate civil servants working in Hong Kong will remain at their posts after 1997. Ji, who is also director of the Hong Kong and Macao Affairs Office under the State Council, was speaking during a meeting with Wation Masters, president of the Hong Kong Overseas Civil Servants Association, and his delegation.

Ji said that the policy of the Chinese Government toward expatriate civil servants working in Hong Kong will not change. Ji said that all the foreigners working in Hong Kong, if they wish, may retain their posts, which, Ji said, has been specified in the Sino-British Joint Declaration on Hong Kong and will be included in the Basic Law of the Hong Kong Special Administrative Region. Ji hoped that overseas civil servants in Hong Kong will feel at ease and continue to make their contributions to Hong Kong's development and prosperity. There are more than 2,900 overseas civil servants in Hong Kong, including 1,300 who are members of the Hong Kong Overseas Civil Servants Association.

Masters said that many of the overseas civil servants in Hong Kong from Britain and other countries welcomed the signing of the Sino-British Declaration on Hong Kong and the younger among them are willing to work in the Hong Kong Special Administrative Region after 1997. The Hong Kong visitors arrived here May 6 as guests of the All-China Federation of Trade Unions.

LIAOWANG OVERSEAS EDITION ON CAMBODIA ISSUE

HK081103 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 18, 5 May 86 p 30

[Article by Tang Tianri: "Obstacles to Resolution of the Cambodia Issue"]

[Text] The 8-point proposal of the CGDK [Coalition Government of Democratic Kampuchea] on politically resolving the Cambodia issue is justifiable, reasonable, and feasible. It is welcomed and supported by the international community as a whole. However, the Vietnamese authorities took the unreasonable stand of rejection and developed obstacles to peaceful resolution of the Cambodia issue.

Over the past month and more, the Vietnamese authorities put forward this and that reason through their propaganda and diplomatic offensive to defend their position of opposing this proposal. Two typical reasons were put forward by Vietnamese Foreign Affairs Minister Nguyen Co Thach in a press interview held in Bangkok on 20 April.

Nguyen Co Thach said: One of the reasons Vietnam rejects the 8-point proposal is because it does not recognize the Heng Samrin regime as the legitimate government but asks Vietnam to recognize the CGDK. It is widely known that the CGDK is not only the legitimate government supported by the Cambodian people, but is also the legitimate government of Cambodia recognized by most countries in the world. It is the mainstay in the fight against the Vietnamese invaders. It and Vietnam are the two directly belligerent parties. The key to resolving the Cambodia issue politically lies in complete withdrawal of Vietnamese forces from Cambodia. This issue can only be resolved through negotiations between the two belligerent parties -- that is, between the CGDK and Vietnam.

It is proceeding from just this fact that the CGDK made the 8-point proposal and called for holding talks with Vietnam on the process of withdrawing the Vietnamese forces from Cambodia. Moreover, it allows them to complete the withdrawal in two stages within a specified time. This is justifiable and reasonable. However, the response of the Vietnamese authorities of refusing to hold talks with the CGDK and opposing the 8-point proposal can only show that it has no intention of withdrawing its forces from Cambodia.

The other reason of the Vietnamese authorities is that the Heng Samrin regime "has put the whole of Cambodia under its rule," but the 8-point proposal calls for the formation of a coalition government comprising four parties and gives only one-fourth of the power to Heng Samrin. Nguyen Co Thach said: Cambodia can be likened to a piece of cake, of which only a quarter is given to Heng Samrin. But this whole piece of cake is in Heng Samrin's pocket. Therefore, this CGDK proposal is meaningless, and so forth. As a matter of fact, over the years, this Cambodian "cake" has been trampled upon by the 200,000-strong invading Vietnamese Army. The Heng Samrin regime is a puppet made by Vietnamese bayonets and is a political plaything in Vietnam's pocket. Without the support of the invading Vietnamese forces, the regime would collapse in a month. Thus, how could the regime "put the whole of Cambodia under its rule"?

Acting in the spirit of great national unity and national liberation, the 8-point CGDK proposal suggests that following the completion of the first stage of Vietnamese troop withdrawal, Heng Samrin and his group attend the CGDK talks on forming a 4-party coalition government led by Prince Sihanouk which would appoint Son Sann as prime minister. The four forces would have the right of being the political forces of Cambodian society. This reflects the CGDK's breadth of vision. Obviously, the Vietnamese authorities are not satisfied with the suggestion of including the Heng Samrin group as one of the four political forces of Cambodian society. Rather, they want it to become "the only legitimate representative" of the Cambodian people and force the people to accept it. Thus, they could eliminate the patriotic force of Democratic Kampuchea. Vietnam has attempted to put Cambodia under its long-term control and occupation in the name of the Heng Samrin regime, which was created by Vietnam itself.

The Vietnamese authorities have repeatedly claimed that the "strategic alliance" of the three Indochinese countries "is of vital importance to the life-and-death strategic goals of the three countries" and "is not negotiable." What the Vietnamese authorities pursue is to make Cambodia is an independent country which is united within its integral territory, free, democratic, peaceful, neutral, and does not enter alliance with other countries. It is also a country in which no foreign forces are present. This is of course not the point that interests Vietnam.

Judging from the recent propaganda and diplomatic activities of the Vietnamese authorities, we can see that Vietnam did not change its position and goal of invasion, though it constantly changes its methods and strategies. Vietnam chants the slogan of "loving peace" and "being willing to resolve the Cambodia issue politically." In fact, it still stubbornly clings to the practice of long-term occupation of Cambodia through military means. In the Vietnamese authorities' own words, "We resolve the crucial points of issues by fighting, and we negotiate in order to work against time, to make the opposite side slacken its vigilance, and to magnify the internal contradictions of the opposite side." Therein lies the crux of the problem that Vietnam uses this and that reason to reject the CGDK's 8-point proposal.

CPC CONGRATULATES ROMANIAN PARTY ON ANNIVERSARY

OW080556 Beijing XINHUA in English 0547 GMT 8 May 86

[Text] Beijing, May 7 (XINHUA) -- The Chinese Communist Party Central Committee today warmly congratulated the Romanian Communist Party on its 65th founding anniversary. In a message to its Romanian counterpart, the CPC Central Committee praised the Romanian party as the country's staunch political leading force, which has carried forward the revolutionary traditions of social and national liberation and faithfully defended national independence, state sovereignty and people's interests.

The message said, the Romanian Communist Party, under the leadership of its Central Committee headed by General Secretary Nicolai Ceausescu, has led the Romanian people to great achievements in the country's socialist construction by applying consistently the fundamental principles of scientific socialism to the concrete conditions of Romania, formulating and carrying out the strategy and policies which tally with the actual situation of the country. The Romanian party and people are now striving to implement the resolutions of the party's 13th congress, to fulfill the 1968-1990 economic plan and the development program through the year 2000. The attainment of these goals will surely bring the country greater prosperity, the message noted.

The message also paid high tribute to the unremitting struggle waged by the Romanian Communist Party for easing the international tension, safeguarding world peace and supporting the just cause of world peoples, in line with the principle that relations between states must be established on the basis of respect for national independence and state sovereignty, full equality of rights, mutual benefits, restraint from interference in others' internal affairs, from the use or threat of force.

The Romanian party's principled stand and actions in dealing with relations between parties have been a valuable contribution to the smooth advance of the current international communist movement, the message said.

The CCP Central Committee expressed satisfaction with the growth of its traditional friendship with the Romanian party. It believes, the message said, that the friendly cooperation developed between the two countries on a long-term, stable and all-around basis, will be further strengthened and consolidated.

ROMANIA'S DINCA IN BEIJING FOR EXHIBITION

Meets Zhao Ziyang

OW071417 Beijing XINHUA in English 1406 GMT 7 May 86

[Text] Beijing, May 7 (XINHUA) -- Premier Zhao Ziyang met Ion Dinca, first vice-premier of Romania, and his party here today. Dinca is in China to attend the opening ceremony of the Romanian industrial exhibition which was held in Beijing yesterday.

Zhao said the exhibition shows the tremendous achievements made by the Romanian people in their socialist construction under the leadership of President Nicolae Ceausescu. He considered that the exhibition will give the Chinese people a chance to become more familiar with and to learn from Romania.

Dinca expressed his thanks to Zhao for China's hospitality in hosting the exhibition.

Zhao told him that China is working hard for implementation of the Sino-Romanian trade agreement signed during President Ceausescu's visit to China in 1985. He expressed his belief that the agreement will be reached by the joint efforts of the two countries in an energetic, frank and down-to-earth spirit.

Dinca noted that the implementation of the agreement will be assisted by the opening of new channels for cooperation. He also gave Zhao a brief account of Romanian economic construction. State Councillor Song Ping met and feted the Romanian friends here this evening.

#### LIAOWANG VIEWS DEVELOPMENT OF SINO-YUGOSLAV TIES

HK061235 Beijing LIAOWANG in Chinese No 16, 21 Apr 86 pp 11-13

[Article by Zhu Minzhi "Push Sino-Yugoslav Friendly Relations to a Higher Level -- President Vlajkovic's Visit to China"]

[Text] Radovan Vlajkovic is the first president of the Presidency of the Socialist Federal Republic of Yugoslavia to have visited China since Sino-Yugoslav relations entered a period of overall and steady development. China and Yugoslavia are both in the process of reform. Both parties are exploring and opening up the path of construction and development in light of their own national conditions and are continuously advancing along this path. This visit is an event of great importance in the history of Sino-Yugoslav relations. It has made a new contribution to pushing the steady, friendly, and cooperative relations in all fields between China and Yugoslavia to a higher level.

#### Invaluable Friendship

In recent years, political relations between the two countries have developed smoothly and there have been frequent high-level exchanges. President Vlajkovic's visit to China amply shows that many new features have developed in Sino-Yugoslav relations, namely, that both parties have a common language and a unanimous view on a series of major issues at home and abroad and that a friendly and cooperative relationship of mutual respect, trust, and study and joint exploration in all fields has developed between the two countries. In their conversations with President Vlajkovic, the Chinese leaders, including Hu Yaobang, Deng Xiaoping, Zhao Ziyang, and Li Xiannian, spoke highly of the Sino-Yugoslav relations, saying that the friendly and cooperative relationship in all fields between China and Yugoslavia is invaluable in the world today and that it is not an ordinary relationship. The Chinese party and government highly cherish this relationship and, as always, will strive for the long-standing, stable, and all-round development of Sino-Yugoslav friendly relations. Vlajkovic also sincerely indicated that Yugoslavia has consistently made great efforts to constantly improve Yugoslav-Chinese friendly relations.

Yugoslavia initiated a reform over 3 decades ago. After effecting numerous reforms, it has accumulated rich experience and can be regarded as the forerunner of reforms among socialist countries. China has always paid close attention to, studied, and used Yugoslav experience. During Vlajkovic's visit to China, both parties exchanged experiences in smashing fixed patterns and following their own paths of socialist construction in light of their own national conditions.

Vlajkovic explained to the Chinese comrades that Yugoslav leaders have consistently adhered to the strategic policy of development, i.e., the socialist system of self-government, which they jointly laid down with Comrade Tito. Three years ago Yugoslavia approved a long-term plan for stabilizing the economy and last year it approved a 5-year development plan and a 20-year long-term plan for social and economic development.

The League of Communists of Yugoslavia will hold its 13th Congress next June. The meeting will define Yugoslavia's major policy for stabilizing the economy and developing self-government in light of the current problems in the country.

Mutually passing on experiences in reforms constitutes an important component of the all-round cooperation between the two countries. Their reforms have an outstanding feature in common, that is, they face up to reality and the existing problems. The Yugoslav comrades told the Chinese comrades that Yugoslavia has many good points, as well as many weak points. Yugoslav leaders have never covered up their problems and the Yugoslav people are determined to spare no efforts in firmly safeguarding Yugoslavia's socialist self-government. In their briefings, the Chinese comrades said: China has implemented the policy of opening up to the outside world and invigorating the domestic economy for 7 years in light of its own conditions. We have basically achieved many successes but there are also a few problems. The national economy is now developing steadily and proportionately.

The Chinese side fully praised the Yugoslav comrades for passing on their experiences to the Chinese side sincerely and without reserve, calling Yugoslavia China's comrade-in-arms cherishing the same ideals and following the same path. President Vlajkovic cited China as a great country which is bold in making new breakthroughs for its vigorous development.

President Vlajkovic is very much interested in the progress of China's economic structural reform. He toured Xian, Guangzhou, and the Shenzhen Special Economic Zone, visited some construction projects, and noted the reform achievements. After visiting Shenzhen, he said: A reform conducted by such a great country as China will exert a very important influence on all countries and the development of human society.

#### For a Common Objective

During President Vlajkovic's visit to China, both parties expressed a jointly pursued objective, that is, striving for peace and development. This will enable each country to become prosperous more rapidly in a peaceful environment and, at the same time, give impetus to the enconomic development of developing countries. Peace and development are the two outstanding issues in the current international situation. The contention for hegemony between the two superpowers has strained East-West relations. The irrational international economic order has seriously undermined the economic rights and interests of developing countries and affected world stability.

In their conversations with the Yugoslav comrades, the Chinese leaders stressed: China is now concerned with how to carry out construction at home and pursue peace abroad. As far as China is concerned, it will be impossible to attain development and to realize the grand objective of the four modernizations without a peaceful international environment. China hopes to be strong and regards itself as a force for safeguarding peace. During his talks with President Vlajkovic, President Li Xiannian reaffirmed China's determination to devote itself to the cause of safeguarding world peace and development. He stressed: China supports whatever is beneficial to peace and construction. We shall develop state relations so long as they are in keeping with the five principles of peaceful coexistence, including developing our relations with the United States and the Soviet Union. Vlajkovic indicated Yugoslavia's desire to adhere to its nonaligned foreign policy, to vigorously seek world peace and development, and to build itself into a rich and powerful country. He said: The irrational economic relationships in today's world have stalled the development of various countries and made it impossible for many countries to give scope to their creative ability in their own interests and those of the world.

These countries have the right to ask the developed countries to further open their markets and to use appropriate capital in development in order to promote the economic growth of developing countries.

As an important political force on the current international stage, the Nonaligned Movement has made an important contribution to the peace and development process of the people of the world. And Yugoslavia is indeed a founder of the Nonaligned Movement. It steadfastly adheres to the nonaligned policy and strives to ease international tensions, to work for world peace and stability, and to set up an equitable and rational new international economic order. President Li Xiannian said to the Yugoslav comrades: With China pursuing an independent foreign policy and Yugoslavia pursuing a nonaligned policy, our objectives are identical.

#### The Steadily Developing Economic Cooperation

President Vlajkovic's visit has not only strengthened cooperation in international affairs between the two countries and stimulated the development of their friendly relations but will also promote the steady development of their cooperation in the economic field.

On this occasion, the parties especially held talks on economic cooperation. The results of the talks showed that both parties attach great importance to, and are interested in, developing economic and trade relations and that there is potential for developing economic cooperation.

The economic and trade relations between the two countries have constantly developed since 1983 and reached their highest level last year. The two countries also signed a 5-year long-term trade agreement and order. The two countries have also achieved many new results in production cooperation in recent years. They have signed many contracts, most of which have been signed in the last 3 years. Since the regular meeting of the Sixth Sino-Yugoslav Mixed Committee on Industrial Cooperation last October, both parties have signed new contracts. The local authorities of the two countries have also energetically developed economic and trade relations by signing many agreements. Relations between six pairs of friendly provinces or cities have been established since 1980.

Both parties indicated that they will try by every possible means to tap potentials in order to speed up the economic and trade development of the two countries. To date, they have adopted a series of measures. Both parties held that, in order to fully tap the potential for economic cooperation between the two countries, it is feasible to adopt numerous flexible methods, including barter trade and cooperation in production, science, and technology. To promote the development of economic and trade relations between the two countries, Yugoslavia will also hold a Yugoslav-Chinese trade week activity and so on.

Both parties held that, although the Chinese and Yugoslav economies have attained new developments, they still leave something to be desired. Both parties indicated that they will continue to adopt positive measures to stimulate the further development of their economic and trade relations in line with the principles of equality, mutual benefit, and each supplying what the other needs. Looking into the future, the prospects for Sino-Yugoslav economic cooperation are very bright.

After winding up his 7-day visit, President Vlajkovic bade farewell to the Chinese comrades at Guangzhou airport. Before his departure he told Chinese reporters: We attach great importance to this visit to China. We wish the Chinese people greater successes in economic construction and social development.

CANADA'S PRIME MINISTER ARRIVES IN BEIJING

OW081551 Beijing XINHUA in English 1526 GMT 8 May 86

[Text] Beijing, May 8 (XINHUA) -- Canadian Prime Minister Brian Mulroney and Mrs. Mulroney arrived here tonight by special flight for a five-day official visit at the invitation of Chinese Premier Zhao Ziyang. Among his entourage are Richard V. Gorham, Canadian ambassador to China, Bernard Roy, principal secretary to the prime minister, J.A. Duucet, senior advisor to the prime minister, and Derek Burney, associate under-secretary for external affairs. The Canadian guests were greeted at the airport by Mo Wenxiang, Chinese minister of aviation and industry.

Holds Talks With Zhao Ziyang

OW090733 Beijing XINHUA in English 0647 GMT 9 May 86

[Text] Beijing, May 9 (XINHUA) -- Chinese Premier Zhao Ziyang and Canadian Prime Minister Brian Mulroney today expressed the desire to further develop cooperation between the two countries. The two prime ministers held talks this morning in the Great Hall of the People.

Zhao Ziyang said Sino-Canadian relations in terms of politics, economics, and trade and technology have been satisfactory ever since the two countries established diplomatic relations. Recent years have witnessed new developments in their economic and technological cooperation, which has great potential, he said. China is ready to explore new ways to expand cooperation with Canada in agriculture, animal husbandry, energy, aviation industry, communications and light industry, he said. The Chinese premier thanked the Canadian Government and Mulroney for the importance they attach to Sino-Canadian friendship and their support for China's modernization program.

Mulroney assured Zhao of Canada's support for China's economic restructuring and opening to the outside world, and its full cooperation. Developed countries should give more aid to the developing countries and open their domestic markets to provide them with more opportunities to export, the Canadian prime minister said.

Zhao praised Canada's policy in this regard as "far-sighted and wise." Mulroney briefed Zhao on the just-ended Tokyo summit. Zhao explained China's positions on major international issues. Canadian Ambassador to China Richard V. Gorham and Chinese aviation industry minister Mo Wenxiang attended the talks.

Earlier this morning, the Canadian prime minister was accorded a warm welcome at a formal ceremony presided over by Zhao Ziyang in Tiananmen Square. After a 19-gun salute, Mulroney, in Zhao's company, inspected a guard of honor formed by men from the three services of the Chinese People's Liberation Army. Some 300 youngsters greeted the Canadian guests, waving streamers and bouquets. Present on that occasion were Ji Pengfei, Chinese state councillor, Rong Yiren, vice-chairman of the Standing Committee of the National People's Congress.

BOLIVIAN FOREIGN MINISTER CONCLUDES VISIT

OW081441 Beijing XINHUA in English 1340 GMT 8 May 86

[Text] Guangzhou, May 8 (XINHUA) -- A Bolivian Government political and economic delegation led by Minister of Foreign Affairs and Worship Guillermo Bedregal Gutierrez wound up its week-long visit to China, and left here this evening. Upon his departure, the Bolivian minister told XINHUA his China visit was fruitful as expected, adding that it would help enhance bilateral economic, technological and cultural cooperation. The Bolivian delegation arrived here May 6 after visiting Beijing and Shanghai.

NICARAGUAN VICE PRESIDENT MEETS CPC DELEGATION

OW071350 Beijing XINHUA in English 1150 GMT 7 May 86

[Text] Managua, May 6 (XINHUA) -- Nicaraguan Vice President Sergio Ramirez met today at the government palace with a delegation of the International Liaison Department of the Central Committee of the Communist Party of China (CPC) headed by Li Beihai. Nicaraguan Vice Foreign Minister Xavier Chamorro and Xu Yicong, charge d'affaires ad interim of China in Nicaragua, attended the meeting. The delegation of the International Liaison Department of the CPC Central Committee arrived in Managua on May 2 for a seven-day visit at the invitation of Nicaragua's Ministry of Foreign Affairs. The delegation met separately with Nicaraguan Minister of Internal Commerce Ramon Cabrales, Vice Minister of External Cooperation Jose Angel Buitrago and Vice Foreign Minister Chamorro. It also visited textile factories and a geothermal power station in Managua.

PRC FIRM, CANADIAN TRANSPORTER SIGN PACT

OW081422 Beijing XINHUA in English 1405 GMT 8 May 86

[Text] Beijing, May 8 (XINHUA) -- A business cooperation agreement was signed here today between CITIC (China International Trust and Investment Corporation) and CSL (Canada Steamship Lines Inc.) Under the agreement, CITIC will provide various support and assistance services for CSL in connection with its developing business interests in China, particularly in the area of dry bulk commodities transportation.

The agreement was signed by CITIC President Xu Zhaolong and CSL Chairman Paul E. Martin. After the signing, Martin told XINHUA that CSL is interested in transferring technology connected with self-unloading bulk vessels. The transfer would include technical assistance to Chinese shipyards related to the design and construction of self-unloading carriers. CSL is also interested to invest in joint ventures in China in the area of water transportation of dry bulk commodities.

RONG YIREN TALKS WITH CANADIAN VISITORS

OW081803 Beijing XINHUA in English 1438 GMT 8 May 86

[Text] Beijing, May 8 (XINHUA) -- Rong Yiren, vice-chairman of the National People's Congress Standing Committee, met here today a delegation from the Canadian-China Trade Council of Canada led by Chairman Paul Desmarais. Desmarais and his party has come to attend the 7th annual meeting of the Canada-China Trade Council, which is to open May 10.

Rong, also chairman of the China International Trust and Investment Corporation (CITIC), hoped that both sides would strengthen their cooperation in view of their respective conditions.

Before the meeting, Rong and Desmarais attended a signing ceremony for an agreement between CITIC and the Power Corporation of Canada on establishing joint ventures in pulp, paper and packaging projects in China and North America.

ZHAO ZIYANG, LI PENG INSPECT HUBEI, SICHUAN

OW081528 Beijing XINHUA in English 1447 GMT 8 May 86

[Text] Beijing, May 8 (XINHUA) -- The key to making mountainous areas become better off is to develop transportation and thereby promote circulation of commodities so as to enliven the economy.

Premier Zhao Ziyang said this upon his return from a ten-day trip inspecting a dozen mountainous counties and cities in Hubei and Sichuan provinces. He was accompanied by Vice Premier Li Peng, vice chairman of the National People's Congress Standing Committee Wang Renzhong, and other officials.

Though the people's living standard has improved considerably in the past few years, the premier said, the rich resources in those areas have not been made the best use of, and the rural per-capita income there is still below the national average. The areas are rich in water resources, minerals, medicinal materials, citrus fruits and pastures. To enliven the economy, further efforts must be made to develop industry and commercial production by tapping these resources, the premier pointed out.

He asked local officials to develop small cement plants, build small hydraulic power stations and open small mines -- all projects which need little investment and can produce quick economic results. The central government will also aid these areas in their development by providing special loans, he said.

As many of the mountainous counties are located near the Yangtze River, the longest in China, the premier instructed that factories and commercial centers should be constructed along the river banks to make good use of this "golden waterway" to ship their goods.

Attention should also be given to speed the circulation of commodities through various channels, including seeking new ways of trade, tightening the connections between agriculture, industry and commerce, and linking production and sales directly.

Inter-regional cooperation with coastal industrial cities like Shanghai, and large and medium-sized cities nearby should be further expanded to absorb their technology, which is needed in the development of these backward mountainous areas, he added.

SHIJIE JINGJI DAOBAO INTERVIEWS MA DING

HK081438 Shanghai SHIJIE JINGJI DAOBAO in Chinese 21 Apr 86 pp 1, 2

[Article by staff reporter Chen Hongbin, edited by Qin Jianxun: "An Interview With Ma Ding" -- first paragraph is SHIJIE JINGJI DAOBAO introduction]

[Text] His special article on economic study has aroused quite a storm in theoretical and press circles in Beijing and Shanghai. But he has not flinched because of this, but has said that he will be bolder and more careful in making economic explorations. He welcomes criticism of his article for the purpose of going deeper in his study, but hopes that this criticism will be realistic and based on facts.

A merely casual pen name, "Ma Ding" has become a topic of discussion. Now there are few people in theoretical and press circles in Beijing and Shanghai who do not know this name.

Having learned that Ma Ding teaches in Nanjing University, I happily went to visit him. As I pushed open the door of a room on the quiet campus of the university, a gentle young man ushered me in. This was not what I had expected. Foreign commentators call him a "mainland economist." People in the country mistook him for a foreign academic." But what I saw was just a young intellectual. I could not help laughing.

Nanjing University is a good place to study. The philosophy department, in particular, has turned out many good graduates. Ma Ding's article has aroused repercussions in society, but Ma Ding himself does not have any trouble. He is engaged in his study in a quiet environment.

He enrolled in Nanjing University in 1977 and began to study for a master's degree in philosophy in 1981. Now he is teaching in the university. The reporter noticed that in his room, which is also his study, there were more economics books than philosophical writings. So the reporter directly asked him why he engaged in economic study. Laughing, Ma Ding began to talk about his career.

He said that his interest in the study arose when he was still a student. At that time, he felt that philosophy should not be confined to ideological analysis and concepts but should sum up the studies of the present state and development trend of various scientific branches. Philosophy does not give birth to natural science and social sciences but serves as theoretical soil for their growth and development. Without combining with natural science and social sciences, philosophy will find it impossible to extricate itself from theoretical impoverishment or to change people's feeling of philosophical "crisis" and their distrust of philosophy. Based on this idea, Ma Ding tries to free himself from the confinement of philosophy and to carry forward the study of Marxist philosophy by making economic study and explorations. Marx' "Das Kapital" serves as a teacher in his economic study, guiding him in taking the first step in the field of the economic science. He finished many of his research courses in the economics department of the university. These courses include three volumes of "Das Kapital," the history of economics, modern Western economics, and comparative economics. He passed his graduation test with a treatise entitled "Young Marxist Economic Ideology and its Relationship With Philosophy." His article "Ten Great Changes in the Study of Modern Chinese Economics" was completed last year. Reform is China's second revolution. In this great social change, the swift-developing economic life has put innumerable new questions and sphinx-like riddles before us. It is natural for theoretical workers to consider and explore these questions. During summer vacation last year, Ma Ding began to collect material for his article. He also had discussions with his friends. In the long hot September in Nanjing, he wrote the article, which was sent to Beijing after completion. Not long afterward, GONGREN RIBAO devoted half a page to this article. The writer did not dream that his article would bring about the "Ma Ding incident" and draw the attention of people in theoretical and press circles in Beijing, Shanghai, and abroad. Nor had he thought that his name would be on everyone's lips.

This article is Ma Ding's first work dealing with economic study. Naturally, there are some shortcomings in it. Ma Ding warmly welcomes economists of the older generation, people in the same field, and readers to criticize this article so as to carry forward economic study. But he sincerely hopes that their criticism will be realistic and based on facts. Ma Ding is deeply gratified with the response from people in theoretical and press circles to the storm which has arisen. Chinese intellectuals' courage in adhering to truth and their scientific spirit of exploration keep encouraging this young academic. It does not seem that he will shrink back. Instead, he will be bolder and more careful in concentrating his mind on economic study and explorations. When the reporter bade him farewell, Ma Ding said he hoped that the reporter would convey his sincere thanks to his readers through the press.

PROVINCIAL PETITIONERS INTERVIEWED IN BEIJING

HK080846 Hong Kong AFP in English 0816 GMT 8 May 86

[By Pierre-Antoine Donnet]

[Text] Beijing, May 8 (AFP) -- They have come by the thousands, braving reprisals and brushing aside attempts to dismiss them -- petitioners who hope that the top echelons of China's leadership will help them when local officials won't.

The supplicants arrive from all over the country, many clothed in rags and reduced to begging for food as they cling to the chance that their grievances will be heard by the Communist Party Central Committee.

They tell tales of nightmare marriages, or a son wrongly jailed, or even families murdered by local cadres. The most destitute live on the streets and in the railway station of the capital's poor southern suburb of Yongdingmen.

The right to take your case directly to the Central Committee when you feel local authorities have treated you unfairly is enshrined in the Chinese Constitution.

The central government has even set up a reception office in Yongdingmen where the grievances are recorded, but the petitioners say that more often than not their complaints draw little sympathy there.

So the arrival of a foreign correspondent in Yongdingmen attracted an enormous crowd of people delighted to finally find someone prepared to listen to their tales of personal tragedy.

"I brought my protest to Beijing because a cadre in my area tried to poison my whole family. Two died afterwards. But because of his connections with the local court, the cadre was never tried and leads a perfectly normal life," said a peasant from Anhui, one of China's poorest provinces.

A woman from the eastern province of Jiangsu said she was forced to marry someone 20 years her senior whom she detested. She told of being beaten and several times thrown into jail by local authorities after she asked for a divorce.

A worker from northeast China had been labeled a "counter-revolutionary" at the beginning of the Cultural Revolution of 1966-1976. He said that when he later sought rehabilitation, he was completely ruined having to grease the palms of local officials.

But generally there is no point in taking your case to Beijing, petitioners said. Beatings by police using electric truncheons are frequent and people sent back to their home provinces have often met with severe punishment for "having no confidence in the authorities," they said.

"There are more than 20,000 of us here. Some of us have been here for more than six years and have nothing left. Women are here with babies just a few months old.

"An old man of 85 has been asking for more than two years for the release of his son who was wrongly imprisoned. The sidewalk has been his home ever since," one petitioner said.

According to contemporary accounts, more than 70,000 petitioners demonstrated in Beijing in January 1979 seeking redress of injustices suffered during the chaotic years of the Cultural Revolution and preceding political movements. They clamored for "democracy, bread and work."

One night in August that year, top leader Deng Xiaoping appeared before demonstrators laying siege to the Communist Party headquarters to show his support.

Today the aggrieved do not dare demonstrate in the streets or unfurl their banners as they did then. They fear heavy reprisals.

Instead, they have been reduced to benging in Yongdingmen, several kilometers from the city center and beyond the gaze of foreign tourists.

"I am a peasant from the Pingchuan district (Hebei Province). In 1979, a cadre in my district killed my two children, aged nine and six. The culprit feared nothing because he had connections and money.

"In four years I've met more than 30 times with the secretary of the reception office. My file was never sent. Our leaders are being kept in ignorance about what happens to us," one man said.

Petitioners who still have a little money live in an austere building down an alley in Yongdingmen where a dormitory bed costs five Mao (17 cents).

The building is guarded by members of the Public Security Bureau who strictly prohibit access to foreign journalists.

Officials at the government reception office have refused to respond to a correspondents' questions and denied a request for an interview.

#### RENMIN RIBAO ON ENTERPRISE SELF-DETERMINATION

HK080827 Beijing RENMIN RIBAO in Chinese 2 May 86 p 1

[Editorial: "An Important Thing Is To Safeguard the Decision-making Power of Enterprises -- Third Talk on the Great Significance of Developing Horizontal Economic Ties"]

[Text] In the course of developing horizontal economic associations, it is necessary to safeguard the decision-making power of enterprises. This is an important issue which directly concerns whether horizontal economic associations can healthily develop or not.

Enterprises must have decision-making power in operating their own business. This is an important precondition for developing horizontal economic associations. Only by having decision-making power can enterprises act in a dynamic way and can all factors in production be able to freely move and associate with each other according to actual needs so as to achieve the best economic results. If an enterprise has no decision-making power or does not have adequate decision-making power, it will act just like a person whith his hands and feet being bound up and it will not be able to stand on its own feet and stretch its own arms. Under these circumstances, how can they enter into economic associations across regional and departmental boundaries?

In recent years, with the development of the economic strucutral reform, enterprises, have increased their decision making power to a certain extent, but they still do not have adequate decision making power. In some aspects, the power which should be delegated to enterprises has not really been handed to them. In particular, enterprises are not yet free enough to decide their participation in horizontal economic associations. They cannot take the initiative in deciding their cooperation partners, items, time, and forms. In the matter of entering into horizontal economic associations, many enterprises are subjected to the arrangements made by their upper management departments through the administrative channel. At present it is necessary to take effective measures to consolidate, replenish, and implement the measures of expanding enterprise decion making power in the previous period so as to further invigorate the enterprises, especially the large and medium-sized state-owned enterprises. This will lay a solid foundation for the development of horizontal economic associations. Otherwise it is hard to advance horizontal economic associations any further.

Under the conditions of economic ties between various localities and between various departments being severed by their administrative relations and enterprises being directly managed by government departments, some government departments and local governments have organized some cooperation projects between enterprises within thier administrative jurisdiciton. This has played a certain role in coordinating the economic cooperation. However, relations betwen enterprises were still governed by vertical administrative relations and enterprises could not take the initiative in forming horizontal economic associations on the basis of voluntary participation and mutual benefit in light of the objective needs of the commodity economy in a wider scope beyond the administrative limits of their departments or localities. Therefore, such vertical "association" bound by administrative relations has an essential difference from the horizontal economic associations between enterprises in different departments and localities as we advocate now. We cannot regard the economic association "arranged arbitrarily" by administrative institutions as horizontal economic association, because that will deprive enterprises of their decision making power and will enable the adminstrative companies and government departments in charge to meddle in their routine operations and business. Enterprises should be allowed to form economic associations beyond the limits of their localities and departments so long as their economic association is in line with the needs of the commodity economy.

According to the complaints aired by some enterprises, at present obstacles to the development of horizontal economic association between enterprises mainly come from the higher administrative institutions in charge of these enterprises. In recent years we have emphasized the need to "streamline administration and hand over power to enterprises," which has achieved certain results in changing the state in which economic ties between enterprises in different localities and departments are severed. However, the problem of enterprises being directly managed and controlled by government departments has not been solved yet. For example, some government departments issued administrative orders to set up administrative "companies" which seize the decison making power from enterprises. In some localities and departments, power is more highly centralized than when reform was started. Some central cities tightly bind enterprises within their administrative jurisdiciton under the excuse of giving play to their "central" role, thus forming some new "blocs" which are separated from each other. Facts show that contradictions over the issue of ensuring enterprise decision making power remain outstanding. The obstacles mentioned above must be removed in order to promote horizontal economic association between enterprises.

Enterprises may encounter various obstacles in the process of maintaining and strengthening their decision-making power and developing horizontal economic ties. This is not surprising in the period when the old system is superseded by the new system. They must be resolved to advance in spite of the difficulties and must not give up their efforts halfway and backtrack to the old road. Problems encountered in the course of reform can be solved only through further reform. If enterprise self-determination in business operations encounters problems or obstacles in a specific field, then reform should be carried out in that field until enterprise decision-making power is ensured. Recently, the State Council issued a 30-point regulation on developing horizontal economic associations, which emphasizes the need to ensure enterprise self-determination in the matter of horizontal economic associations. That is, enterprises should be allowed to decide whether to enter into a certain economic association on their own and should be allowed to withdraw from the economic association freely. This should be conducted naturally, as things in nature may be "fusion" or "fission." This important principle will safeguard the self-determination position of the enterprises and will effectively and powerfully pound the old management system which formed barriers between localities and departments and lumped enterprise and government functions.

In short, only by firmly safeguarding and consolidating enterprise decision-making power can we really turn all enterprises into fully vigorous and dynamic socialist commodity producers and handlers which operate independently and bear sole responsibility for their profits and losses, and only thus can they develop horizontal economic associations on the basis of voluntary participation and mutual benefit and promote the development of the socialist commodity economy and the social productive forces.

#### LIAOWANG ON PRC CENSUS RESULTS, APPLICATION

HK081535 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 17, 28 Apr 86 pp 13, 14

[Article by Ren Pu: "China's Census Results and Their Application"]

##### [Excerpts] An Unprecedented Scale and Outstanding Results

The large-scale third national census of 6 years ended in the spring of this year. All computer-handled data is being gradually made public.

This census is of a scale unprecedented in the world, involving the mobilization of 5.18 million census workers, 1.09 million census supervisors, 130,000 code workers, 4,000 registration workers, and more than 1,000 computer operators. Given the mobilization of so many people and the completion of the counting of a population of 1 billion in a harmonious manner in line with a unified time schedule and unified work arrangements, the magnitude of the task can be imagined.

##### Important Data Provided for the Formulation of the National Economic Plan

The third national census shows that the whole of China has a total population of 1.03189 billion. The population in the 29 provinces, autonomous regions, and municipalities directly under the central government of the mainland and the number of militarymen on active duty total 1.00818 billion. With an area accounting for only 7 percent of the world, China is supporting a population representing 22 percent of the total world population. The average density of China's population is 105 people per square kilometer and is about 3 times the average density of the world population of 34 people per square kilometer.

China has a large rural population and a small area of cultivated land. In 1982, the rural population on the mainland stood at 797.6 million, accounting for 79.4 percent of the country's total population. Of the country's 521.5 million people at work, 384.4 million people are in agriculture, forestry, animal husbandry, sideline occupations, and fishery, representing 73.66 percent. According to data obtained on 2,664 small cities and towns of the whole country, of 32.58 million people of these cities and towns at work, those devoted to tertiary industry accounted for 37.47 percent. The percentage is not only higher than that of 5.13 percent in the countryside but also that of 26.51 percent in major cities. This shows that small cities and towns that act as economic links between urban and rural areas play an important role in absorbing agricultural laborers and developing industries serving urban and rural areas. The Chinese Government has proceeded with the solution of the problem of the flow of China's agricultural population by developing a diversified economy, building more small cities and towns, developing tertiary industry, and so forth. Meanwhile, it is taking note of the need to avoid carrying urbanization too far.

China is also a country with the richest source of labor in the world. Based on the labor age limits (16-59 for men and 16-54 for women) set for China's laborers, the population in the working age bracket stands at 550.87 million, or 54.87 percent of the total population. China now has a population of 521.5 million at work, 188.93 million more than the combined total of the United States, the Soviet Union, Japan, Britain, West Germany, France, Italy, and Canada.

China is the most populous country in the world. Industrial population accounts for 51.95 percent of the total population, or more than half of the total population. This percentage is 8.2 percent higher than that in the United States 4.5 percent than that in Japan, 13 percent higher than that in France, 19.6 percent higher than that in Britain, 4.6 percent higher than that in the Soviet Union, and around 20 percent higher than that in such developing countries as Egypt and Mexico.

Data obtained shows that of China's people at work, those in tertiary industry now account for a small proportion, or only 10.35 percent of the population at work. Compared with various countries in the world, China's percentage of tertiary industry workers in the population at work is lower than not only that of the economically developed countries but also that of other developing countries. China is gradually using such features of tertiary industry as its being various in nature, labor-intensive, knowledge-intensive, highly capable of absorbing large numbers of workers, and so forth to energetically develop tertiary industry and make the most of rich source of labor.

#### The Basis for China's Population Policy

The growth of China's future population is a problem of universal concern to people. Judging from the accurate data obtained from the current census, in the 10 years from 1963 to 1973, for various historical reasons, China's population rate growth reached a peak. The number of people born per year was 28.23 million at its highest and 22.75 million at its lowest. This meant 4 to 10 million more than in the normal year 1957, or 150 percent more than in the year 1961 with a relatively small number of people born. Given the inertial effect of population reproduction, it is estimated that from 1986 to 1996, the whole country will witness a peak of births. Therefore, given the still not well developed economy of China, it is highly necessary to introduce family planning and bring the population under proper control.

Relative to the matter of fewer births is the problem of the aging population. Population aging is a phenomenon of old people (those age 65 and over) accounting for an ever larger percentage of the population. In such case, the percentage of old people is generally believed to exceed 7 percent. The population is in the category of the old, or is beginning to age. In 1982, China had 49.27 million people age 65 and over, who accounted for 4.9 percent of the total population. The population was in a category undergoing transition from the young to the mature. But in a number of areas, chiefly major cities such as Shanghai, the number of old people 65 and over exceeded 7 percent. The birth rate in these cities was lower than in other areas, while population aging was quicker than elsewhere. A relatively serious problem has been posed. As far as conditions of the country as a whole are concerned, it is predicted that by the year 2000, China's proportion of people age 65 and over will reach 7.07 percent, [with the population] beginning to fall into the category of the old. This matter has received proper attention from the relevant department of the Chinese Government.

#### Average Life Expectancy of the Population Twice as Long

Data from the third national census also shows that the so-called "sick people of East Asia" of former days have now considerably improved in physique. For the first time in the history of China, the census has brought overall accurate data about the death of people in different age brackets. On this basis, it was calculated that the average life expectancy of China's population in 1981 would be 67.88 -- 66.43 for men and 69.35 for women.

In old China, the people led a miserable life, and were physically weak and liable to disease. They had a short lifespan. According to calculations based on data compiled by the Jinling University in 1936, on about 5,499 deceased men and women in 17 provinces, the then average life expectancy for men was 38.45 and for women 34.63, the average life expectancy for both men and women being 34.74. A comparison between these figures and those of the average life expectancy in 1981 shows that since the founding of the new China, the average life expectancy has doubled, with an average annual increase of a little more than 1 year. This is something rarely witnessed in the history of the development of the world population. The label "sick people of East Asia" can no longer be applied to the Chinese.

#### SYMPOSIUM TO BE HELD ON CLASSICAL CHINESE NOVEL

OW070807 Beijing XINHUA in English 0631 GMT 7 May 86

[Text] Harbin, May 6 (XINHUA) -- An international symposium on the famous classical Chinese novel, "A Dream of Red Mansions", will be held in this Heilongjiang Provincial capital from June 13 to 18. More than 120 scholars from the Chinese mainland, Australia, France, Japan, Singapore, the Soviet Union, the United States and Hong Kong will attend the symposium, which is being sponsored by Harbin Normal College and the United States University of Wisconsin. Invitations have also been sent to Chinese literary experts in Taiwan.

During the symposium, relics from the Qing Dynasty (1644-1911) will be displayed along with a model of "the grand garden" described in the novel. The book, written by Cao Xueqin in the mid-18th century, epitomizes society in the Qing Dynasty, the last feudal regime in China, by tracing the decline of a noble family. The author weaves together a literary tapestry of Chinese poetry, prose, painting, sculpture, music and architecture. "A Dream of Red Mansions" has become a popular subject of study in recent years, with hundreds of works being published about it.

WAN LI ADDRESSES GEOLOGICAL WORK SESSION

0W280437 Beijing XINHUA Domestic Service in Chinese 1424 GMT 26 Apr 86

[*"Excerpts" of speech by Vice Premier Wan Li at the National Conference of Directors of Bureaus of Geology and Mineral Resources on 25 April 1986]*

[Text] Beijing, 26 Apr (XINHUA) -- I would like to discuss four issues today.

First, the hard work done by geological workers should be respected by all people in society. The development of mineral resources is an extremely important pillar of China's modernization drive. Most of the resources needed for material construction and for the production and accumulation of social wealth come from the development of mineral resources. Today and in the foreseeable future, over 95 percent of the energy and over 99 percent of the materials we need will come from beneath the surface of the earth. This situation will remain unchanged for several decades. Although subsurface resources are natural gifts, we need scientific and technological knowhow, especially the hard work and dedication of geological workers, before we can locate them and develop them.

Geological surveying is a highly intensive and complicated work combining mental work and physical labor. It is a glorious job, one to be proud of. Since the founding of the Republic, a contingent of hardworking geological workers who have lofty ideals have been trained and tempered under difficult circumstances. Most of them have worked for long years in high mountains, ravines and jungles. Some have worked against all odds in the Gobi Desert and at sea. Defying untold hardships, tens of thousands -- and even hundreds of thousands -- of geological workers have been devoted to their duties for as long as several decades. They are people who have served the people wholeheartedly, and who are dedicated to the revolution. Following geological surveys over the past 36 years, more than 200 mining towns, including Daqing and Jinchang, and an even greater number of large construction projects have been built throughout the country. The growing output of petroleum, nonferrous metals, gold, electricity, steel, coal, cement, and other major products has substantiated the merits and accomplishments of the nation's geological workers. We can also say that the outstanding achievements of thousands upon thousands of unknown heroes on the geological front can be found in every mine, every major project, and every large or medium-size city in the country. These heroes' exploratory spirit of defying wind and rain and breaking through brambles and thorns certainly deserved the respect of the entire society. The party and the state are thankful for their toil and sweat in national construction, and the people will never forget them. I hope party and government authorities at all levels, all financial and economic departments, and people in the nation's ideological, theoretical literary and art, journalistic, and publishing circles will show concern for our geological workers. As materialists, we should not consider an issue apart from its historical context. Thus, we should not simply see the results of our projects and forget our pioneers' exploratory work.

Geological achievements cannot be separated from the support rendered by leading party and government organs in all localities. Since many geological workers have to work long years in the field, they have more problems and worries than people working in other areas. For this reason, local party and government authorities should care for their hardships, help them solve their problems, and create better working and living conditions for them.

Second, we should expand geological services and further develop their composite effectiveness.

According to the Seventh 5-Year Plan for National Economic and Social Development examined and approved by the Fourth Session of the Sixth NPC, we should accelerate the search for and assessment of mineral resources, promote work in hydrogeology and engineering geology, and properly carry out basic geological work and geological research. While this shows the characteristics of geological work as a basic task of an early or nascent stage, it also requires geological work to expand its services and develop their composite effectiveness. This is a major change of far-reaching significance in the strategy for the development of China's geological work.

People often look upon geological workers as mountain climbers or drillers searching for mineral resources. This is a valid, but not complete, observation. The activities and functions of modern day geological work are far more than this. In terms of the scope of geological exploration, geological workers not only have to climb mountains, they must also work in the sky or at the bottom of the sea. China has accomplished a great deal of work in aerial geophysical study, remote sensing survey, and general seabed geological survey.

In terms of the targets or substance of geological work, the search for subsurface resources -- including energy, metallic and nonmetallic mineral resources, and subterranean water -- is the primary target. Although China is one of the few countries in the world endowed with rich mineral resources of all kinds, the verified resources still cannot fully satisfy the country's needs in socialist construction in terms of variety, quantity, quality, distribution, and feasibility for development. As such, intensifying our search for mineral resources and ascertaining our underground resources will be a task that will go on for generations. Meanwhile, we must exert our efforts in areas where the best results can be achieved and develop what is most urgently needed. To make the best use of everything, we must, in addition to searching for natural resources, also actively carry out research on processing of resources and on their various uses. This important project for national and local production and construction must be firmly handled without fail.

The environment is the second target of our geological work. The work in this area is both enormous and diverse, and it will be increasingly so as seen from the trend of development at home and abroad. China is a mountainous country, and it faces many natural disasters. Of all the natural disasters, earthquakes and other geological calamities are the most frequent. Sometimes they occur along with meteorological disasters, and the destruction they cause is shocking. Many endemic diseases are also related to geological conditions. Having realized this, an important aspect of China's geological study should be the systematic study and monitoring of the disaster-prone areas, so that we can make early assessments and forecasts and upgrade our scientific level in preventing natural disasters. Since China has a large population and many cities, its ecological problems are serious. These problems include soil erosion and proliferation of deserts caused by large-scale reclamation or logging; cave-ins caused by underground mining; precarious hillsides caused by construction of railways, highways, and open pit mines; the subsiding of urban surfaces caused by excessive tapping of subterranean water; pollution of subterranean water in urban and industrial and mining areas; and so forth. Artificial geological disasters are not any less serious than natural geological disasters. China's environmental problems are for the most part geological problems. To protect the environment effectively, we must attach great importance to improving the environment.

The Ministry of Urban and Rural Construction and Environmental Protection and the Ministry of Geology and Mineral Resources should therefore deal with the problems together by working in close coordination with one another. Furthermore, geological study of construction and tourist sites should also be part of the study of environmental geology.

Geological work in the urban areas is closely related to urban construction and development. Thus, it is obvious that industrial development in the cities must be based on their energy and raw and semifinished material resources. The planning of urban construction, and a city's population capacity have everything to do with the geological conditions and water resources of its location. The reconstruction of an old city will encounter even more problems. We can say that geological work is essential for the construction or expansion of a modern city and the quality of its residents, including clothing, food supply, housing, and transportation services.

Fundamental geological work -- including regional geological surveys, regional geo-physical studies, regional geochemical studies, and basic geological studies -- is the third aspect of geological work. The results obtained from fundamental geological work, which indicate the level of a country's geological study, are indispensable information for the country's long-range economic planning, and land development and consolidation. Since the founding of the Republic, China has achieved significant successes and attained a fairly high level in carrying out its fundamental geological work. We must, however, continue to work hard for a long time in order to achieve even greater successes.

In a word, it is necessary to vigorously step up geological prospecting, introduce modern technology, study new knowledge, recruit more capable personnel, and improve the quality of the ranks of geological workers. It is also necessary to expand the scope of geological exploration and service, develop the diversified social functions of geological work, and perfect the multilevel service system in order to meet the growing demands on geological work by the central and local governments.

Third, we should explore a new geological work system suited to the actual situation in China.

In order to fire the enthusiasm of the hundreds of geological prospecting units and hundreds of thousands of geological staff and workers and raise the multiple functions and comprehensive effectiveness of geological work, it is imperative to reform the outdated system of geological work, characterized by two maladies, the practice of "everybody eating from the same big pot" and the barriers between departments or regions. These problems should be largely resolved during the Seventh and the Eighth 5-Year Plans. We should learn from the strong points of other countries while avoiding their weaknesses and proceed from China's basic conditions of a large population and backward technology, while summing up our own experience in order to gradually set up a new socialist geological work system suited to the actual situation in the country and develop the commodity economy in a planned manner.

The basic direction of reform should be toward gradually changing some geological units, mainly those engaged in exploitative geological work that can be sold as commodities, into community-oriented enterprises whose fruits of prospecting work should receive compensation instead of being used free of charge. Such geological prospecting units, which ... should be separated from government administration, should maintain economic ties and develop lateral cooperation among themselves, and go all out to investigate themselves under macroeconomic control.

Other geological units, mainly those engaged in basic geological work and management work that cannot be sold as commodities, should orient their work even more to meeting the needs of the long-term development of the whole country and society. Based on the operational mechanism of reform, geology and mineral resources departments should get a firm grip on major aspects by gradually changing their managerial functions and setting up effective service and management systems. The geology and mineral resources departments have taken the lead in carrying out reform. They should continue to deepen the structural reform and use it to give impetus to reform in geological work as a whole. The establishment of a geological market is a major reform measure for the transition to "developing large-scale commodity production and setting up community-oriented enterprises." The experience of 1985 has proven that by so doing, we were able to make up, to some extent, insufficient state expenditures for geological undertakings, raise the social and economic effectiveness of geological work, find employment for surplus labor forces, increase revenues for geological prospecting units, and build up their ability to upgrade their technology and expand production. Such experience with multiple advantages should be encouraged and supported. Fees charged by geological prospecting units for performing services and transferring fruits of their work should be reasonable. They should not be blinded by the lust for gain and demand exorbitant remuneration. It is necessary to put service, quality, and reputation above anything else. Preferential treatment should be given regarding the standard and method of collecting fees from projects to assist the poor in old revolutionary bases, regions inhabited by minority nationalities, and frontier and impoverished areas. Entering the geological market on an equal footing, geological prospecting units from all departments should compete with each other while developing cooperation among themselves. It is necessary to clearly define the uniformity and openness of the socialist geological market, which should not be divided by departments through protective administrative means.

It is commendable that the geology and mineral resources departments have taken the lead in the structural reform and explored the road for reform of geological work as a whole. However, the reform should not permanently remain at the department level. All relevant industrial departments should lose no time in carrying out the structural reform in their own departments in order to jointly prepare for the reform in geological work as a whole. Last March, Comrades Zhu Xun and Wang Tao discussed the strengthening of lateral cooperation between the Ministry of Geology and Mineral Resources and the Ministry of Petroleum Industry in a general survey and in prospecting for natural gas, and worked out a preliminary 10-point plan for cooperation between ministries. We hope that they will use the plan as a basis for further developing cooperation.

Fourth, we should earnestly implement the "Mineral Resources Law."

With the promulgation of the "Mineral Resources Law," geology and mineral resources departments at various levels shoulder a heavier responsibility in supervising the exploitation of mineral resources. Through extensive geological prospecting work over the years, a total of 220,000 mineral points have been discovered throughout the country. Most of them are scattered small mines suitable for exploration by the masses. There is a great deal of merit in adopting a policy to help the masses operate mines.

For example, it will be conducive to accelerating mineral exploitation and developing the benefits of resources, seeking realistic economic advantages through combining rich manpower resources with mineral resources, invigorating the rural economy, improving the structure of agricultural production, and in particular, assisting the people in old revolutionary bases, regions inhabited by minority nationalities, and frontier and impoverished areas to eliminate poverty and become well off. However, we must realize that underground treasures are not regenerative resources, and that although China has, generally speaking, rich mineral resources, they are limited. Therefore, while relaxing control, it is also necessary to intensify supervision to guard against damage and waste of resources and prevent accidents in multiple exploitation and environmental pollution. The CPC Central Committee's proposal for formulating the Seventh 5-Year Plan stressed the necessity of paying keen attention to protecting and conserving mineral resources, regarding it as a basic national policy to be pursued for a long time. We must bear in mind this basic national policy.

The "Mineral Resources Law" is a major law among economic statutes. Effective implementation of the "Mineral Resources Law" calls, first of all, for the close attention to obey leaders of all levels. In places with mining activities, the local governments should extensively publicize and hold lectures on the "Mineral Resources Law" through various means so that it will be known to all. Second, a complete set of rules and regulations regarding the "Mineral Resources Law" should be adopted. Third, it is necessary to institute and perfect a system for enforcing and supervising the "Mineral Resources Law." Fourth, it is necessary to clearly define responsibilities and duties in the course of implementing the "Mineral Resources Law."

In short, with scientific leadership and management and a guiding principle of mobilizing the state, collectives, and individuals simultaneously, we should be able to achieve a great advance in China's mining activities in order to contribute more to the country and the people.

#### LIAOWANG ON COMMODITY GRAIN BASE COUNTIES

HK071145 Beijing LIAOWANG in Chinese No 16, 21 Apr 86 p 5

[Article by Zhou Yichang: "Enlightenment Gained from the Building of Commodity Grain Base Counties"]

[Text] On my desk are some data on China's grain development: It took 14 years to increase the country's total grain output from 300 billion to 400 billion jin; 6 years to top the 500 billion jin mark; 5 years, the 600 billion mark; 4 years, the 700 billion mark; and only 2 years, the 800 mark. However, due to various reasons such as the adjustment of grain-crop-sown area and natural disasters, China's grain output dropped below 800 billion jin in 1985, reaching only 758 billion jin. In the Seventh 5-Year Plan period, China's grain output should reach 900 billion jin in order to meet the basic needs due to population growth and the people's growing consumption. That is to say, our grain output should not only return to the 800 billion jin mark, but also top the 900 billion level in the next 5 years. This is a very strenuous task.

How can we maintain the good momentum of grain production and ensure that the state controls more commodity grain in the Seventh 5-Year Plan period and even beyond? It will do us good to sum up the experience gained in building commodity grain base counties during the Sixth 5-Year Plan period.

In 1983, the relevant state departments and the 50 counties in 8 provinces -- namely Heilongjing, Jilin, Henan, Hubei, Hunan, Jiangsu, Anhui, and Jiangxi -- started to jointly build commodity grain base counties. The state and the local authorities invest at the ratio of one to one and, for every yuan the state invests, the base counties should turn over to the state another 5 jin of commodity grain for 6 successive years.

The results of the joint efforts have been satisfactory. Over the past 3 years, these counties have produced a total of 166.7 billion jin, an increase of 34 percent over the previous 3 years, or 15 percent higher than the country's growth rate over the corresponding period; their per mu grain output has increased by 120 jin, 38 jin more than the country's growth figure over the corresponding period. They have also sold 70 billion jin of commodity grain to the state, an increase of nearly 100 percent over the previous 3 years; the commodity rate has risen from 28 to 42 percent, more than 20 percent higher than the country's growth of commodity rate over the corresponding period. Their grain contribution on a per capita basis has increased from 830 to 1,648 jin, an increase of nearly 100 percent. The gross value of their industrial and agricultural production reached 27.8 billion juan in 1985, an increase of 50 percent over 1982, or 40 percent higher than the country's growth rate over the corresponding period.

There are 3 points in the experience of the 50 counties that we can make use of:

1. We should choose a number of counties with great potentials to increase grain output and grain delivery to the state and build them into commodity grain bases. This is an important way to maintain the steady growth of grain production and to ensure that the state can control more commodity grain. The 50 counties account for only 3 percent of the country in terms of population and only 4 percent in terms of cultivated land, but their output accounts for 7 percent of the total national output and they supply about 12.5 percent of commodity grain. It will not do to have a low output; nor will it do to have a high output but a low commodity rate. For this reason, it is necessary to concentrate on building a number of commodity grain bases. There is also no lack of examples abroad. The United States concentrates on growing more than 80 percent of its corn in five states lying between 40 and 60 degrees north latitude. Although the acreage under corn accounts for only slightly more than 25 percent of the world's total, its output accounts for some 50 percent of the world's total corn output. Corn has become a major U.S. export grain. If the state can put together some capital and build more commodity grain bases during the Seventh 5-Year Plan period, we will certainly be able to attain better results.
2. Arousing the initiative of both the central and local authorities, in particular that of the local authorities, is an important guarantee for speeding up the development of agricultural production. In the past, with the state taking care of everything, the state agricultural investments were actually a "supply system." Not only was it impossible for the state to directly control more commodity grain, the investments also led to dependent mentality on the part of some localities. In building the 50 commodity grain base counties, both the central and local authorities made investments and the latter delivered more commodity grain to the former, thus arousing their initiative. In the course of building the commodity grain bases, the 50 counties raised by themselves 330 million juan of necessary capital, which exceeded the total amount of state investments. During the Seventh 5-Year Plan period, the state will increase its investment in agriculture.

However, due to its limited financial capability, it will be impossible for the state to take care of everything in agricultural construction. We should still rely on the local authorities to build a large number of small and medium-sized agricultural projects. This has been proved by our experience, both positive and negative.

3. We should concentrate our capital and develop in a down-to-earth manner some crucial projects that will greatly boost agricultural development in the localities. The 50 counties concentrated their limited funds on the agricultural technology popularization system, the good strains breeding system, and the construction of small water conservancy works. After 3 years of hard work, they have initially established fairly comprehensive systems for spreading agricultural technology and good strains. They have set up an agricultural technology popularization center and a seed company at the county level, a popularization station and a seed branch company or supply station at the district or township level, and a science and technology demonstration household and a good strains breeding household at the village level. In water conservancy work, irrigation and drainage networks have initially been completed. Over the past 3 years, these counties have trained more than 9.6 million agrotechnical cadres on various occasions, popularized more than 2,700 new technical items, expanded the area with better irrigation or waterlongging-prevention facilities to more than 39 million mu, and popularized 940 million jin of improved strains. All these have rapidly developed into new production capacity in agricultural production. Hit by natural disasters last year, production dropped in some provinces but it slightly dropped, remained the same, or even increased in the base counties. Grain output in Hunan province dropped by 2 percent last year, but, given a 3 percent drop in the sown areas of the six base counties, their total output still increased by 2.3 percent.

To sum up, by popularizing and applying the experience in building commodity grain base counties, the agricultural departments can fully arouse the initiative of both the central and local authorities and ensure the steady growth of grain production.

#### LIAO HANSHENG ON LEGAL SYSTEM, PUBLIC HEALTH

HK090251 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 7 May 86

[Text] From 21 April to 5 May, Comrade Liao Hansheng, vice chairman of the NPC Standing Committee and chairman of the Central Patriotic Public Health Campaign Committee, successively inspected various Henan cities, including Xinxiang, Luoyang, Zhangzhou, and Kaifeng. He spoke about the building of the legal system and about patriotic public health work.

Regarding the building of the legal system, Comrade Liao Hansheng said: The state's legislative work has yet to be further strengthened and perfected. However, the most important problem now is to solve the problem of not acting in accordance with the law if there is such a law, not strictly enforcing the law, and not investigating and holding accountable those who violate the law. Therefore, in accordance with what Comrade Deng Xiaoping said, we must grasp construction on the one hand and grasp the legal system on the other. He emphasized: Whoever they may be, the whole party must act within the framework of the Constitution and the law. Leading cadres and cadre of the law enforcement departments must especially do this because they have a certain degree of power in their hands.

If they do not study and know the law and fail to work in accordance with the law and regulations, this may have serious consequences. They must especially study and know the law and study more and better.

As for public health work, Comrade Liao Hansheng pointed out: This is a content of the Seventh 5-Year Plan. Whether or not to lay stress on public health is one of the hallmarks of civilization. Henan is situated on the central plains and has many tourism spots. Whether its public health work is good or bad not only has a bearing on the health of the people of Henan but also has a great impact on all places throughout our country. He hoped that in connection with the implementation of the Seventh 5-Year Plan, Henan Province will do several practical things every year in this aspect.

#### CONFERENCE VIEWS CADRES RUNNING ENTERPRISES

OW081729 Beijing XINHUA in English 1545 GMT 8 May 86

[Text] Beijing, May 8 (XINHUA) -- Party and government departments and their cadres are barred from running enterprises or going in for commercial activities by taking advantage of their power and positions to further their personal interests, a senior Chinese official said here today.

This is aimed at bringing about a fundamental change for the better in the party's work style and social acceptance, and ensuring the implementation of the policy of enlivening the home economy and opening to the outside world, he added.

Ren Zhonglin, director of the State Administration for Industry and Commerce, said this at a national conference which closed here today.

He communicated Vice-Premier Tian Jiyun's instructions to the conference, overhauling and consolidating the corporations should be regarded as an important task. It is necessary to ban those corporations run by the party or government departments and their cadres with the objective of seeking small group or individual interests, or doing illegal activities by decking themselves out as legal units. Those who are allowed to continue their operations must be overhauled. The administrative departments examined in 1985 more than 200,000 corporations set up in the past few years.

The licences of over 8,700 enterprises run by the party and government departments were revoked, and over 15,000 party- and government-run enterprises were separated from their original units to be operated independently.

However, Ren said, this policy will be more flexible for enterprises run by Overseas Chinese federations or by former industrialists.

#### TIGHTER TAX REGULATIONS TO BE INTRODUCED 1 JULY

HK060807 Beijing CHINA DAILY in English 6 May 86 p 3

[By staff reporter]

[Text] A new set of rules aimed at improving the State tax-collection system and tightening control on tax evasions will go into effect on July 1, according to a State Council notice released over the weekend.

The Tentative Rules on Tax Collection apply to all taxes in China except customs duties, agricultural taxes and also income taxes payable by foreign enterprises, joint ventures or individuals.

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The detailed rules, consisting of 44 articles in nine chapters, cover all aspects of the tax-collection system from registration of taxpayers to control of books and documents, tax inspection and penalties for tax evasions.

All taxpayers must register with the local tax authorities within 30 days after receiving their business licences and become "certified taxpayers," according to the rules. The rules require that all taxpayers "must keep a complete accounting system with all necessary books, documents and bills in good order."

The tax authorities should compile a "tax-collection file" for each of its taxpayers, to be kept "securely and in strict confidence" according to the rules.

The tax authorities should make regular inspections of the taxpayers' books, documents and other related data. Temporary tax-inspection stations may be set up at railway terminals, harbours, airports or traffic junctions with the help of other departments, the rules said.

Taxpayers who have failed to register or be certified, who have not complied with the rules to declare their taxes, keep the necessary books, or who have avoided tax inspections, will be liable to fines ranging up to 5,000 yuan.

According to the rules, those, who have "unintentionally" evaded tax payment, will be fined at a daily rate of 0.5 percent of the amount of taxes overdue; those who are in arrears with payments will be fined at a daily rate of 5 percent of the amount overdue; and those who have "deliberately evaded tax payments" will be fined up to five times the taxes evaded. Individuals responsible for such tax evasion will be liable for fines up to 1,000 yuan.

The tax authorities may collect the overdue taxes directly from the taxpayer's bank account in case the taxpayer fails to comply with the collection orders for taxes overdue, the rules said. In more serious cases, legal action may be taken against violators through judicial authorities, the rules said.

#### MEETING DISCUSSES LABOR, WAGE SYSTEM REFORM

OW081133 Beijing XINHUA Domestic Service in Chinese 1321 GMT 7 May 86

[Text] Beijing, 7 May (XINHUA) -- The national meeting of labor and personnel bureau directors, which ended today in Beijing, announced: During the Seventh 5-Year Plan period, the focus of reform of China's labor, wage, and personnel systems should be placed on the reform of enterprise wage and hiring systems and state organizational structure. At the same time, we should pay keen attention to reform in other fields in order to lay the foundation for establishing a set of socialist labor, wage, and personnel systems that meet the needs of a planned commodity economy.

The meeting reviewed the progress of reform of the labor, wage, and personnel systems during the Sixth 5-year Plan period: State organs and institutions adopted a structural wage system featuring the idea of wages based on positions; the majority of enterprises based their bonus funds on economic results during the second stage of replacing profit deliveries with tax payments; and all state enterprises simplified their wage scales. The employment system changed from single-channel employment by state enterprises to multichannel employment by state and collective enterprises and individual economic units while the contract labor hiring system was enforced on a trial basis. Structural reform was carried out in accordance with the decision of the CPC Central Committee and the State Council and, regarding the personnel system, exploratory reforms were made in the cadre employment and management systems.

The meeting held: The reform of our country's labor, wage, and personnel systems is only in the beginning stage and still not sufficient to meet the needs of our economic restructuring. Labor and personnel departments at all levels must give top priority to reform of the three systems so that their labor and personnel work will improve in the course of reform.

The meeting put forth the following principles for conducting reform of the three systems during the Seventh 5-Year Plan period:

**Reform of the enterprise wage system:** Establish a basic formula for wage distribution relations between the state and enterprises; a basic intra-enterprise wage distribution system; wage relations between enterprises, between regions, and between enterprises and various categories of personnel; and methods for overall state control and adjustment of wage funds.

**Reform of the labor system:** make further efforts to amend the defects of centralized control and adjustment of wage funds.

**Reform of the labor system:** Make further efforts to amend the defects of centralized control and distribution in labor management and of the "iron rice bowl"; gradually establish a new labor system covering job placement, vocational training, and enterprise hiring that is closely tied to social regulation and adjustment; promote rational flow and use of the labor force; and gradually socialize management of the labor force.

**Reform of the personnel system:** Under the leadership of the party Central Committee and the State Council, perform well the tasks related to structural reform; reform the cadre employment system and gradually adopt an appointment system, hiring system, and tenure system; enforce the exchange and rational flow of cadres; and strengthen overall control of the contingents of cadres so as to properly cope with developments in the economic, cultural and other fields.

#### HAO JIANXIU INSPECTS TIANJIN TEXTILE INDUSTRY

OW060255 Beijing XINHUA Domestic Service in Chinese 0748 GMT 5 May 86

[By reporter Yu Xigui]

[Text] Tianjin, 5 May (XINHUA) -- Hao Jianxiu, member of the Secretariat of the CPC Central Committee inspected 13 industrial enterprises in Tianjin Municipality from 21 April to 3 May, during which she held discussions with leading cadres of relevant bureaus, companies, and plants, exchanged views with shop workers, and inspected the design capacity and technological level of the plants. She stressed the importance for the light and textile industries of using their advantages to achieve a breakthrough in increasing exports and earning more foreign exchange during the Seventh 5-Year Plan.

At the Tianjin Municipal Zhenhou Woolen Textile Plant, a newly built woolen mill with the country's largest production capacity, Hao Jianxiu discussed with the plant's leading cadres, engineers, and technicians questions concerning imports of foreign equipment. She affirmed the experience of some departments concerned in importing advanced technological equipment and making economical and rational use of such equipment. She called on enterprises to step up the assimilation of imported technological equipment and their domestic development, while raising the management level, intensifying workers' basic training, and improving their professional competence.

During her inspection of the Tianjin Municipal First Woolen Mill and the Tianjin Municipal Woolen Mill, she spoke highly of the efforts by their engineers, technicians, and workers to upgrade their outdated equipment technologically and produce a large variety of quality export commodities. She said: Despite their remarkable achievements, these old enterprises still have great potential for increasing exports and earning more foreign exchange. She urged the enterprises' workers and staff to redouble their efforts to make greater contributions.

At the Tianjin Weaving Mill, the Ornamental Textile Weaving Mill, the No 5 Sheet Factory, and the Scarves Factory, Hao Jianxiu viewed textile ornaments and other auxiliary products turned out by these factories in recent years. She said that our ornamental textile trade is entirely capable of developing and manufacturing auxiliary products needed by guesthouses and hotels, and gradually meeting the needs of domestic and foreign markets for such products in order to conserve and earn foreign exchange for the government. She called on textile departments to study international market information, promote the development of new products, turn out a small batch of products at a time and constantly change their designs, improve product quality, and increase export commodities.

During her discussions with leading cadres of the Tianjin Municipal Textile Industry Bureau and its subordinated companies concerning combination of industry with foreign trade, Hao Jianxiu said that such combinations must be conducive to firing the enthusiasm of both sides, and that they should make joint efforts to promote foreign trade.

#### Lauds Domestic Industry

OW061441 Beijing XINHUA Domestic Service in Mandarin 2130 GMT 4 May 86

[Text] Hao Jianxiu, member of the Secretariat of the CPC Central Committee, recently wrote an article for JIXIE BAO [MACHINERY JOURNAL] entitled: "Successful Experience in Developing a Whole Set of Equipment With an Annual Capacity of 15,000 Tons of Polyester Fiber." The article summarizes China's success in designing and developing by itself an entire set of equipment capable of producing 15,000 tons of short polyester fiber annually. It said that this experience is of great significance in the manufacture of large production equipment in China. On the policy of self-reliance, the article pointed out: We must not try to see the policy of self-reliance in terms of small-scale production. We must realize the need to expand our industry to the whole country and meet the needs of the whole society with our 30-odd years of industrial experience. In this way, we will be able to further expand our industry by relying on our own efforts. Our success in developing a whole set of equipment capable of producing 15,000 tons of polyester fiber annually has been achieved by making full use of the advanced technology and the favorable conditions in China and effecting socialist mass cooperation covering may trades, factories, and areas.

The article said: This kind of practice of relying on our own efforts and coordinating with one another in tackling key problems in a well-guided and planned manner fully demonstrates the superiority of the socialist system.

Comrade Hao Jianxiu's article also pointed out: The key to success in the development of important technical equipment is the establishment of a relationship of mutual trust and mutual support between the unit that uses the equipment and the units that design and manufacture the equipment.

The article hailed Polyester Factory No 2 of the Shanghai Petrochemical Complex as a wise user. It pointed out: This factory does not blindly worship products manufactured by foreign countries. It actively uses equipment made in China, fully trusts the units that design and manufacture the equipment, and takes the initiative in coordinating with these units. At the same time, it carefully checks the equipment, making the development of the equipment with an annual capacity of 15,000 tons of polyester fiber a tremendous success.

#### YAO YILIN, WANG ZHAOGUO AT FOLKSONG FESTIVAL

OW262148 Beijing XINHUA Domestic Service in Chinese 0250 GMT 26 Apr 86

[By reporter Qu Zhihong]

[Excerpts] Beijing, 26 Apr (XINHUA) -- As the audience warmly applauded "The Water of Hong Hu and Its Breakers," "On the Songhua Jiang," and a number of popular songs, the stage of the capital again witnessed the artistic charm of music.

Excitement has reigned both inside and outside a special concert, the "Chinese Folksong Festival," which has been performed at the Tianqiao Theater over the past few days.

Five performances have been given since the concert premiered on 21 April. Yao Yilin, Wang Zhaoguo, and Zhu Muzhi, as well as officials from the Propaganda Department of the CPC Central Committee, the Ministry of Culture, and the Beijing Municipal CPC Committee, and cultural attaches from foreign embassies in Beijing attended the performance.

#### NI ZHIFU UNVEILS ZHOU ENLAI STATUE IN TIANJIN

OW041434 Beijing XINHUA in English 1356 GMT 4 May 86

[Text] Tianjin, May 4 (XINHUA) -- Zhou Enlai's full-length bronze statue, the first for the late premier in the world, has been unveiled at a middle school here today. The three-meter high statue is erected on a two-meter granite pedestal in the Nankai Middle School where Zhou once studied.

"Model of Youth", an inscription of Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, was carved on the left end of the granite screen wall, which is also carved with the text of a letter to the school written by the late premier in 1957.

The bronze statue was casted according to the plaster figure created by Fu Tianchou, professor of the Central Academy of Fine Arts. Ni Zhifu, member of the Political Bureau of the CPC Central Committee, unveiled the statue. Local leaders and students attended today's unveiling ceremony.

#### CHEN PIXIAN ADDRESSES SHANGHAI EDUCATION MEETING

OW060535 Shanghai City Service in Mandarin 0000 GMT 5 May 86

[Text] Chen Pixian, member of the CPC Central Committee Secretariat and vice chairman of the NPC Standing Committee, called a discussion meeting of the Shanghai Municipal People's Congress Standing Committee yesterday afternoon to hear reports on implementation of the Compulsory Education Law in Shanghai. Comrade Chen Pixian meticulously inquired about the popularization of 9-year compulsory education in Shanghai and about problems encountered in implementing the law.

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He stressed the necessity of publicizing the Compulsory Education Law in order to make everyone understand that popularization of 9-year compulsory education is very important to training of qualified personnel for China's socialist modernization and that the law must be strictly observed and enforced. Comrade Chen Pixian also suggested that the municipal People's Congress Standing Committee and the minicipal People's Government organize inspection groups to further investigate the popularization of compulsory education throughout the municipality so as to ensure the implementation of this important law.

Attending the discussion meeting were Hu Lijiao, chairman of the municipal People's Congress Standing Committee; Chen Tieli, member of the Standing Committee of the municipal CPC Committee; Wang Jian and Shu Wen, vice chairman of the municipal People's Congress Standing Committee; Shanghai Vice Mayor Xie Lijuan; and other comrades of departments concerned.

GU MU ATTENDS CCPIT CLOSING MEETING 4 MAY

OW041249 Beijing XINHUA in English 1226 GMT 4 May 86

[Text] Beijing, May 4 (XINHUA) -- The council members of the China Council for the Promotion of International Trade (CCPIT) chose Bo Yibo as its honorary chairman and elected Jia Shi as chairman at its first meeting held here today.

Zheng Hongye, Guo Dongpo, Liu Shaoshan and Xu Dayou were elected CCPIT vice-chairman at the 167-member council meeting. According to a CCPIT official, Zheng Hongye was a commercial councillor of the Chinese Embassy in Japan, and Xu Dayou also a commercial councillor of the Chinese Embassy in an Arab country.

Vice-Chairman of the Central Advisory Commission Bo Yibo and State Councillor Gu Mu attended the first CCPIT member congress, which closed here today. Bo Yibo encouraged CCPIT to play a still greater role as a bridge in expanding economic relations and trade as well exchanges of friendship between the people of China and other countries.

FANG YI ATTENDS OPENING OF SCIENCE EXHIBIT

OW041433 Beijing XINHUA Domestic Service in Chinese 1325 GMT 3 May 86

[By reporters Wu Ming and Zhang Jimin]

[Excerpts] Beijing, 3 May (XINHUA) -- An exhibition of the achievements made in tackling key scientific and technological projects during the Sixth 5-Year Plan was opened at the Beijing Exhibition Center today. State Councillors Fang Yi, Song Ping, and Song Jian; CPPCC Vice Chairman Qian Xuesen; and other leading comrades attended the opening.

Speaking at the opening, Song Jian said: The tremendous achievements made in tackling 38 of the key projects have given a great impetus to the development of national economic construction and to progress in science and technology. He said: more than 2,000 of the 3,000 plus achievements are on display at the exhibition for the party and the people of the whole country.

It is learned that the exhibition will be closed on 18 May.

XI ZHONGXUN, OTHERS ATTEND MUSICAL PERFORMANCE

OW302306 Beijing XINHUA Domestic Service in Chinese 1638 GMT 30 Apr 86

[Excerpts] Beijing, 30 Apr (XINHUA) -- To celebrate the 1 May International Labor Day, Winners of the second national contest of young TV singers (amateur group) performed at the Huairentan Hall in Zhongnanhai this evening. They received thunderous applause from the audience.

Leading comrades Xi Zhongxun, Deng Liqun, Wang Zhen, Wu Xiuquan, Li Desheng, Gu Mu, Rong Gaotang, Zhu Houze, and Ai Zhisheng watched the performance together with an audience of 1,000 at the capital.

SONG JIAN URGES GROWTH OF SCIENTIFIC RESEARCH

OW290512 Beijing XINHUA in English 0227 GMT 29 Apr 86

[Text] Beijing, April 29 (XINHUA) -- It is necessary for China to readjust its strategy for the development of science and technology, according to OUTLOOK weekly published here today.

Song Jian, state councillor and minister in charge of the State Science and Technology Commission, said in an interview that the country must speed up the pace of research into new technology from now on and aid the development of new industries.

"We should do our best to follow international development of high technology and strive for breakthroughs.

"In this way, we will be able to meet the target of quadrupling output value by the turn of the century and lay a solid base for technical progress in the next century," Song said.

On the other hand, he said, "We should assist the medium-size and small enterprises and rural factories technically, while tackling key scientific and technological problems for updating large enterprises."

As for the reform of scientific and technological setups, he said this year the country will widely introduce the contract system to replace the old practice of state allocation of funds according to fixed proportions and position appointment system among scientists and technicians.

The reform over the past years has accelerated the pace of application of scientific findings, he said. Now thousands of scientists and technicians have left their institutes to propagate knowledge in medium-size and small enterprises, and the countryside.

I. 9 May 86

PRC REGIONAL AFFAIRS  
EAST REGION

01

HAN PEIXIN ADDRESSES JIANGSU PERSONNEL MEETING

OW081003 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 7 86

[Excerpts] The 5-day first Jiangsu provincial symposium on the theory of organizational and personnel work closed in Nanjing on 7 May. Some 120 comrades from organizational and personnel departments of all levels and from some economic, cultural, and scientific research organizations in the province attended the meeting.

Comrade Han Peixin, secretary of the Jiangsu Provincial CPC Committee, attended and addressed the meeting. He emphasized: We must increase the study and research of the theory of organizational and personnel work in order to more effectively promote the four modernizations and ensure their accomplishment. We should carry forward the fine tradition of integrating theory with practice, and strive to solve new problems and meet new requirements in organizational and personnel work in the course of carrying out reform and opening to the outside world.

Comrade Luo Yanlai and Gu Hao also spoke at the meeting.

JIANGSU'S HAN PEIXIN ON TRANSFERRING MILITIA

OW071231 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 6 May 86

[Text] All preparations for transferring Jiangsu's people's armed forces departments to local administrations have been completed. All people's armed forces departments in the province must be transferred to local administrations by 20 June.

The Jiangsu Provincial CPC Committee, the provincial government, and the provincial military district held a meeting in Nanjing on 6 May on the work of transferring all people's armed forces departments in the province to local administrations. Zhen Shen, commander of the provincial military district, made a speech, calling on all military subdistricts to strengthen their leadership in this regard, respect the local party committees and governments, and coordinate with them in tackling problems that may crop up in the course of transferring the people's armed forces departments.

Han Peixin, secretary of the Jiangsu Provincial CPC Committee, also made a speech. He hoped that after their transfer to local administrations, the various people's armed forces departments in the province would continue to display the fine traditions of the people's armed forces and carry out their work even better.

JIANGXI LEADERS DISCUSS REPORT ON 5-YEAR PLAN

OW081131 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 6 May 86

[Excerpt] Deputies attending the Fourth Session of the Sixth Jiangxi Provincial People's Congress continued their panel discussions of governor Ni Xianc'e's report on our province's Seventh 5-Year Plan yesterday and today and unanimously stressed the need to unite as one and work hard to contribute to the early implementation of the plan. Comrades Ni Xianc'e, Bai Dongcai, Wang Shufeng, Wang Zeming, Zheng Xiaoxian, Peng Shengxi, Huang Xiandu, and Liu Bin separately attended panel discussions of the Ganzhou, Yichun, Yian, Jiujiang, Jingdezhen, and Shangrao delegations.

JIANGXI: MILITIA UNIT HANDED OVER TO LOCAL COMMAND

OW080216 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 6 May 86

[Text] The Jian Municipal People's Armed Forces Department, Jiangxi, successfully handed over its command in a ceremony held on 4 May, becoming the first people's armed forces department in the province to transfer its command to local government. Liu Zimin, chief of staff of the Jiangxi Provincial Military District, was present at the ceremony.

The Jian Municipal People's Armed Forces Department was one of the units chosen to experiment with transferring command to local government. Before the transfer of command the unit firmly educated its cadres and fighters on proper thinking, conduct, and discipline and put all fiscal matters in order. Thus, during the transfer it was able to turn a contingent of good personnel, as well substantial resources, over to the local government.

Attaching great importance to the transfer of command, the local party committee and government provided the people's armed forces department all the assistance it needed to solve its problems so that its transfer of command could proceed without a hitch.

WANG FANG ATTENDS ZHEJIANG CPPCC SESSION

OW060543 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 3 May 86

[Excerpts] The Fourth Session of the Fifth Zhejiang Provincial CPPCC Committee ceremoniously opened in Hangzhou this afternoon. More than 530 members of the provincial CPPCC Committee from various circles attended to discuss how to carry out the Seventh 5-Year plan and bring about prosperity in the province.

Seated on the rostrum were Chairman Wang Jiayang; Vice Chairmen Tang Yuanbing, Wu Youxin, Zhu Zhiqiang, Jiang Ximing, He Zhibin, Zhou Chunhui, Jiang Cisheng, Qiu Qinghua, Zhan Shaowen, Wang Chengxu, and Ding Deyun; and Secretary-General Gao Feng of the provincial CPPCC Committee. Wang Fang, Xue Ju, Chen Fawen, Shen Zulun, Li Dexin, Tie Ying, Cui Jiang, Li Fengping, Chen Anyu, Li Qing, and Gao Chengyu, leading comrades of party, government, and army organizations in the province, attended the ceremony to extend congratulations on the opening of the session, and they were also seated on the rostrum. Also present were Mao Qihua, (Yu Jiyi), and Zhang Renzhi, as well as Wu Yaomin, director of the united front work department of the provincial party committee.

The opening session was jointly chaired by Wang Jiayang and Wu Youxin. Main items on the session agenda were: hearing and discussing a report on the work of the Standing Committee of the Fifth Provincial CPPCC Committee; a report by the motions examination committee on its work since the third session of the Fifth Provincial CPPCC Committee; attending the fourth session of the Sixth Provincial people's Congress as observers by members of the provincial CPPCC Committee; electing additional vice chairmen of the fifth provincial CPPCC Committee and additional members of its Standing Committee; and adopting resolutions.

GUIZHOU POLICY ON PROMOTING LATERAL ECONOMIC TIES

HK090245 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 6 May 86

[Text] The provincial people's government on 3 May promulgated some regulations on promoting lateral economic ties, calling for a good job in developing lateral economic ties to promote resource exploitation, technological advance, and urban and rural economic invigoration in the province, to speed up economic development and to attain the strategic target of making the people wealthy as soon as possible.

The regulations pointed out that enterprises should develop lateral economic ties on the basis of voluntary participation and in accordance with the principle exercising one's strong points while avoiding weak ones, adopting various forms, benefiting each other, and developing jointly and in disregard of the barriers between areas, departments, trades, and ownership systems. It is necessary to vigorously develop ties between enterprises producing raw materials and enterprises processing raw materials; between production enterprises and scientific research units, including colleges and universities; between civilian and military industrial enterprises; between industrial, agricultural, commercial and trade enterprises; and between railway, highway, water transportation, and civil aviation enterprises. Developing lateral economic ties should focus on the target of the province's Seventh 5-Year Plan and the orientation and essential points in the plans formulated by all sectors. It is necessary to encourage developing economic ties with minority nationality and poor areas, and to accelerate economic and social development in these areas through lateral economic ties.

The regulations pointed out that governments and relevant departments at all levels must further emancipate their minds, respect the decisionmaking power of enterprises, make more efforts to plan, organize, coordinate, and guide service work, and safeguard the decisionmaking powers and legitimate rights and interests of enterprises in developing lateral economic ties.

SICHUAN GOVERNOR VIEWS SEVENTH 5-YEAR PLAN GOALS

HK300243 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 30 Apr 86

[Excerpts] Governor Jiang Minkuan said in his government work report at the fourth session of the sixth provincial People's Congress: To vigorously increase the building of socialist spiritual civilization while increasing the building of material civilization is the strategic principle we must adhere to throughout the entire historical stage of socialism. The province's Seventh 5-Year Plan, drawn up according to this strategic principle, is a plan for simultaneously building socialist material and spiritual civilization. We must uphold the four basic principles, bring socialist democracy into further play, put the socialist legal system on a firm basis, and uphold the people's democratic dictatorship. We must strengthen and improve ideological and political work and bring about a fundamental turn for the better in social mood as soon as possible, to ensure the healthy development of economic work.

Jiang Minkuan proposed in his report the following six targets in the draft of the province's Seventh 5-Year Plan:

1. Strive for a sound growth rate centered on improving economic results. By 1990 the province's total industrial and agricultural output value should reach 107.5 billion yuan, rising at an annual average of 7.2 percent. Gross domestic product should reach 82.7 billion, rising at an annual average of 8.2 percent. Financial revenue should reach 9 billion yuan, rising at an annual average of 7.2 percent.

2. Decide on an appropriate size of investment and improve the investment structure. Investment in local fixed assets during the 5 years is set at 14.56 billion yuan, an increase of 75 percent over the figure actually completed during the Sixth 5-Year Plan. The focus must be on agriculture, basic industries, science, education, culture, and public health.

3. Accelerate the exploitation of brain-power and stimulate the development of education and the progress of science and technology. During the 5 years, 320,000 students should graduate from ordinary tertiary institutes, 760,000 from secondary vocational schools, 760,000 from ordinary senior secondary schools, 4.94 million from ordinary junior secondary schools, and 11 million from primary schools. We should also work hard to eliminate illiteracy.

4. Open up new fields in consumption and develop foreign trade. By 1990 retail commodity sales volume should reach 34 billion yuan, rising at an annual average of 7.9 percent. Total export volume in 1990 should reach 800 million, rising at an annual average of 18 percent.

5. Continue to strengthen planned parenthood work and prevent the population from growing too fast. During the 5 years the average natural population growth rate should be kept below 11 per 1,000. The province's population in 1990 should not exceed 107.2 million.

6. Further improve urban and rural living standards and promote environmental protection. The level of per capita consumption should rise at an annual average of 6 percent during the 5 years. Peasant's net income should rise by 8 percent. Workers' wages in local enterprises owned by the whole people should rise at an annual average of 6.7 percent.

Governor Jiang Minkuan proposed the following 10 major guidelines for attaining the Seventh 5-Year Plan targets in the province: 1) Persevere in taking agriculture as the foundation and achieve all-round development of the rural commodity economy. 2) Vigorously develop consumer goods industries to continually satisfy the needs of society and people's daily life. 3) Speed up the development of basic industries to ensure reserve strength for economic development. 4) Readjust the structure of investment in fixed assets and strive to improve the economic results of investment. 5) Further reform the circulation setup and gradually establish and perfect a socialist market system. 6) Do a good job in financial and fiscal reforms, and strengthen the functions of the banks and the fiscal departments in macroeconomic control. 7) Persistently open up to the world and earn more foreign exchange through exports. 8) Speed up the development of education, science, and technology, and train talented people for invigorating the economy. 9) Develop lateral economic ties and further invigorate the enterprises. 10) Change the government management functions and deepen the reforms in the superstructure.

#### YUNNAN GOVERNOR OUTLINES ECONOMIC TASKS FOR 1986

HK010227 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 30 Apr 86

[Excerpts] Governor He Zhiqiang stressed in his government work report to the fourth session of the sixth provincial People's Congress that it is essential to overcome difficulties and work hard to fulfill the tasks for 1986. He said: The main economic goals for this year are: total industrial and agricultural output value 22.2 billion yuan, a rise of 8 percent over 1985; total grain output to exceed 20 billion yuan; income of township enterprises 3.7 billion yuan; financial revenue to exceed 3 billion yuan; and export volume 250 million.

On fulfilling these tasks, Governor He Zhiqiang first stressed that in agriculture efforts must be based on fighting natural disasters to reap bumper harvests. Since last year, three successive harvests have been reduced due to natural disasters. We must brace our spirits and mobilize the cadres and masses to take further action and establish firm confidence in recouping the spring harvest losses in autumn. More methods should be devised to help the masses, especially those in disaster areas, to increase income. We must follow the principle of promoting diversified undertaking without any slackening of grain production, continue to do a good job in readjusting the production structure, take advantage of local conditions, and strive to create a new situation in comprehensive operations and all-round development. We should strive for a 50 yuan per capital increase in peasant's net income.

While continuing to invigorate the small and collective enterprises, the province must focus its work on improving the large and medium enterprises in its industrial production this year. One-third of the large and medium enterprises should be basically invigorated this year. This was proposed by He Zhiqiang in his report. In the future, we must vigorously promote lateral economic ties between enterprises, help them to eliminate obstacles, and develop a variety of combines and groupings under the principle of voluntariness and mutual benefit. We must guide the enterprises to turn their vision inwards and deepen their internal reforms.

We must do everything possible to reverse the low growth rate situation in the first quarter. Under the premise of improving economic results, we should strive to bring the growth rate back to over 10 percent in the remaining quarters of the year. We must maintain synchronous growth in output value, income from sales, and profit and tax delivery.

Governor He Zhiqiang said: We must continue to tap Yunnan's potentials in resources and strive to increase income and earn foreign exchange. We must first tap the potentials in tobacco, sugar, and tea. We must also take new strides this year in exploiting our resources in mining, tropical crops, and the mountain areas.

Yunnan must speed up construction of key energy and communications projects this year. There is a relatively large number of key projects and single projects in this field to be completed this year. The size of year's investment in certain projects is rather large. We must relentlessly grasp the key issues affecting the completion of projects and seriously do a good job in dovetailing, coordinating, supervising, and inspecting the projects.

#### BRIEFS

**YUNNAN HYDROPOWER STATION -- Kunming, 1 May (XINHUA) --** Construction of the largest hydropower station in southwestern China started today in Yunnan Province. The Manwan Station, with an installed capacity of 1.5 million kw, is on the middle reaches of the Lancang River. It will have six 250,000 kw generating units. A project is jointly invested by the Ministry of Water Resources and Electric Power and the Yunnan Provincial Government. The first generating unit is scheduled to go into operation in 1991. This is the first of the 15 cascade power stations planned on the 2,266 km long Lancang River. When all are completed, the total generating capacity will reach 20.73 million kw. Yunnan has 6 major water systems, with an estimated water power reserves of 71.16 million kw. The province plans to build power stations with a total generating capacity of 5 million kw during the next 2 decades, quadrupling the present generating capacity. Now under construction are three other big power stations. They are the 600,000 kw Lubuge Power Station, the 600,000 kw Xiaolongtan Power Station, and a 200,000 kw thermal power station on the outskirts of Kunming. [Text] [Beijing XINHUA in English 0746 GMT 1 May 86 OW]

I. 9 May 86

P R C R E G I O N A L A F F A I R S  
NORTH REGION

R 1

XIE FENG ELECTED NEW GOVERNOR OF HEBEI PROVINCE

OW042320 Beijing XINHUA Domestic Service in Chinese 1333 GMT 4 May 86

[Text] Shijiazhuang, 4 May (XINHUA) -- In a by-election held by the Fourth Session of the Sixth Hebei Provincial People's Congress, Xie Feng, deputy secretary of the Hebei Provincial CPC Committee, was elected governor of the Hebei Provincial People's Government and Song Shuhua [1345 0647 5478], chairman of the Hebei Provincial Planning and Economic Committee, was elected vice governor of the province.

[In a similar report, Beijing XINHUA in English at 0606 GMT on 5 May adds that Xie Feng is 63 years old.]

NEI MONGGOL SECRETARY ATTENDS YOUTH DAY FETES

SK040337 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 3 May 86

[Excerpts] On the morning of 3 May, more than 1,200 young people of all nationalities from different circles in Hohhot joyfully gathered at the railway workers' cultural palace to attend the rally marking the 67th anniversary of the 4 May Movement jointly sponsored by the regional CYL Committee, the regional youth federation, and the regional student federation. All participants pledged to follow the line of proceeding from practices and to make contributions to the four modernizations.

Attending the rally were leading comrades of the regional CPC Committee, government, military district, and CPPCC Committee, including Zhang Shuguang, Bu He, Tian Congming, Cai Ying, Lin Weiran, Zhao Zhihong, and Bayanbatu. The CYL members and young people participating in the rally were very glad that the leading comrades joined the celebrations.

The rally opened amid the magnificent national anthem. (Ba Ke), deputy secretary of the regional CYL Committee and chairman of the regional youth federation, delivered a speech. Tian Congming, deputy secretary of the regional CPC Committee, made a speech at the rally. Also attending the rally were the secretary of the Hohhot City CPC Committee and responsible comrades of the regional Trade Union Council, the regional women's federation, and the regional scientific and technological association.

ZHANG SHUGUANG VIEWS NEI MONGGOL MILITARY DRILL

SK070137 Hohhot Nei Monggol Regional Service in Mandarin 2200 GMT 6 May 86

[Text] On the morning of 5 May, leading comrades from the regional party and government organs, including Zhang Zhuguang, Bu He, Tian Congming, [words indistinct], Ma Zhenduo, Liu Zuohui, Bai Junqing, and Zhao Zhihong, accompanied by Cai Ying, commander of the regional military district, and [words indistinct], viewed the military technical demonstration drill presented by a certain regiment under the regional military district. Following the demonstration drill, leading comrades, including Zhang Shuguang, and Bu He, went to the cadres and fighters to cordially shake hands with them and had a group photo taken to mark the occasion.

After viewing the demonstration drill, Comrade Zhang Shuguang went by car to the artillery regiment of the garrison division and the training group under the regional military district to inspect their afforestation achievements, personnel dormitories, classrooms, and mess halls, and to inquire about the living conditions of the cadres and fighters.

Answering his questions, cadres and fighters in these PLA units expressed that they will never let the regional leadership down and will certainly make new contributions to modernizing or regularizing PLA units.

NEI MONGGOL'S BU HE OUTLINES 1986 ECONOMIC TASKS

SK040539 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 2 May 86

[Text] In his report on the draft Seventh 5-Year Plan, chairman Bu He said: The region's major work for 1986 should be developed in line with the arrangements of the regional CPC Committee and government. In the latter 8 months of this year, we should pay attention to the following practical tasks:

In line with the principle of consolidation, consumption, supplementing, and improvement, we should attend to the economic structural reform focusing on the urban economy. In particular, we should make a breakthrough in allowing flexibility and invigorating the state-run large and medium-sized enterprises. All powers which should be delegated to enterprises must be delegated. Various reform measures should be carried out in a coordinated and comprehensive manner. We should attach importance to enterprise management, strive to improve the quality of products and economic efficiency, and make great efforts to eliminate all losses caused by poor management within this year. At the same time, we should conduct conscientious investigations and studies in order to prepare for making an important step in the next stage of reform.

The rural and pastoral areas should further consolidate and develop the achievements in the second stage of reform. First, they should stabilize the acreage of grain fields, establish small-scale agro-economic zones in line with local conditions, raise the level of intensive farming, strive to harvest more grain this year than in last year, and vigorously develop diversified occupations. Second, they should ensure a sustained and steady development of animal husbandry, and should basically contract all grasslands to households for management by the end of this year. They should organize and guide the masses to grasp the construction of the foundation for animal husbandry, the construction of grassland in particular, should follow the road of combining construction with livestock breeding, should establish a number of specialized branches for making the land fertile, and should attend to the experiments of combining the rural areas with the pastoral ones. Third, they should actively and steadily develop town and township enterprises in order to effect a new development in this regard.

We should understand and address traffic and transportation work. We should make good preparations for the first phase of the Jining-Tongliao and the Baotou-Dongsheng railways. Actual progress should be made in making plans and preparations for the development of Huang He navigation line. Prominence should be given to highway construction. Construction of several main highways which are already under construction should be accelerated. Meanwhile, we should depend on and mobilize the masses to build more roads in rural areas.

Attention should be paid to the pricing work which the masses are concerned with and sensitive to. We should mainly consolidate and digest the reform measures which have already been initiated, and resolutely maintain the basic stability of the general level of prices. At the same time, we should strengthen the supervision and inspection of market prices, and pay attention to stabilizing market prices and controlling the price hikes of production means not covered by the state plans. Special attention should be paid to stabilizing the prices of the people's daily necessities, as well as vegetables, meat, and eggs.

I. 9 May 86

PRC REGIONAL AFFAIRS  
NORTHWEST REGION

T 1

GANSU'S LI ZIQI ATTENDS MAY DAY CENTENARY RALLY

HK021003 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 30 Apr 86

[Excerpts] This morning, the provincial CPC Committee Propaganda Department and the provincial Federation of Trade Unions held a provincial rally marking the centenary of May Day at the provincial Government Hall. Some 1,200 people attended the rally. They included model workers and advanced people from various fronts in Lanzhou, winners of May Day medals, as well as trade unions workers representatives. The rally was presided over by (Dong Henggong), chairman of the provincial Federation of Trade Unions. After the rally opening ceremony, (Wang Xinzong), vice chairman of the provincial Federation of Trade Unions, announced the Gansu namelist national May Day medal winners.

Amid warm applause, Jia Zhijie, deputy secretary of the provincial CPC Committee, made a speech. In his speech, Comrade Jia Zhijie pointed out: The recently concluded 4th session of the 6th NPC is another milestone in the course of building Chinese socialism and carrying out reform. The Seventh 5-Year Plan as well as Premier Zhao Ziyang's report on the Seventh 5-Year which were adopted by the session, have projected for us the grand blueprint and bright prospects of China's economic and social development during the next 5 years. They are the guiding principles for the peoples of various nationalities in China.

He said: [Begin Jia recording] In connection with the state's Seventh 5-Year Plan and under the correct leadership and plans of the CPC Central Committee, Gansu must strive to expedite the pace of attaining prosperity. We must promote reforms, base our work on transformation, open our door wide, and become wealthy through development.

We must constantly promote the development of science and technology, constantly improve the economic results, and expedite economic construction as well as the development of various undertakings. We must greatly strengthen the building of socialist spiritual civilization, and constantly promote a turn for the better in party style and the general mood of society. We must strive to double the province's gross industrial and agricultural output value which was proposed by the 12th CPC Congress. The provincial CPC Committee and the provincial government hope that all workers will enthusiastically respond to the recent call by the National Federation of Trade Unions. They should carry forward the spirit of being masters of their own affairs, give play to their role of being the main force of the working class, and will propose suggestions make contributions toward achieving the lofty goals of the Seventh 5-Year Plan.  
[end recording]

The rally was also attended by leaders of the provincial party, government and military. They included Li Ziqi, Zhao Xianshun, Li Xuanhun, Huang Luobin, Wang Bingxiang, Jia Zhijie, Lu Kejian, Hou Zongbin, Wang Zhanchang, (Yang Julin), (Jie Keru), Ma Jilin, Wang Jintang, Ge Shiying, Liu Lanting, (Zhang Wule), Zhao Yuechi, (Wen Jingyi) and (Wang Zhengqing).

SHAANXI CONVENES PARTY RECTIFICATION MEETING

HK021155 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 1 May 86

[Text] On 29 April, the provincial CPC Committee held a meeting on reporting results of inspection of second-stage party rectification among organs directly under the provincial authorities. Responsible people of leading party groups and party organizations of the provincial Building Materials Bureau, Shaanxi Diesel Engine Factory and the (618) Research Institute introduced their experiences of party rectification at the meeting.

Li Xipu, leader of the provincial CPC Committee party rectification guiding group, made a speech. After affirming the achievements of the second-stage party rectification, he pointed out the existing problems. These are that: Some units set demands too low and treat the work leniently when carrying out party member registration; some carry it out in a rush and do not take measures to ensure quality. Some make mistakes during or after carrying out party rectification; some carry out the work perfunctorily so that many problems are left behind; and some do not implement measures for consolidating the achievements of party rectification.

Li Xipu stressed: We must act by proceeding from the requirements of improving party rectification, and voluntarily uphold the principle of strictly enforcing the party discipline, to really promote a remarkable turn for the better in party style. We must assign responsibilities to the people taking care of problems discovered in party rectification. All units that carry out party rectification must implement the responsibility system in which the leading cadres are responsible for the key units, dealing with major problems, helping units that lag behind in the work, and handling major cases. Therefore, the units can do well in the work in an all-round way, including leadership, measures, time and staff. We must uphold the standards and ensure the quality of the work. We must ensure the quality when examining results of the work of party member registration, handling matters of organizations, and results of party rectification.

We must work hard in studying documents of the fourth session of the sixth NPC, and strive to ensure to promote reforms. Through party rectification, we should promote our understanding of reforms and overcome ideological obstacles concerning reforms. We must strengthen our leadership over the work of party rectification. We must not slacken our efforts or take a relaxed attitude toward the work. The people in charge of the work should be relatively stable and the power of the authorities should not be weakened.

In his conclusion, Li Xipu said: We must keep to the stand of loving the masses and acting on behalf of the interests of the people. We must examine our leadership over the work of party rectification, examine our work of party rectification, and do well in a down-to-earth manner in the second-stage of party rectification among organ the provincial authorities.

#### SHAANXI: XIAN OFFICIALS HAMPER LATERAL ECONOMIC TIES

HK090255 Xian Shaanxi Provincial Service in Mandarin 0100 GMT 8 May 86

[Text] According to SHAANXI RIBAO, at a Xian City work meeting on economic structural reform which concluded recently, Comrade Dong Jichang criticized some Xian functional departments for their poor work style in hampering lateral economic ties.

By citing facts gained from his own investigation, Comrade Dong Jichang disclosed that higher learning institutes, scientific research units, central and provincial enterprises, and city-run and township enterprises have a strong desire for developing lateral economic ties. However, city finance, tax, price, industrial and commercial administration, and banking departments have failed to carry out corresponding reforms to meet this desire. They have shifted responsibilities onto each other and made things difficult. In the 10 months since the city CPC Committee and government promulgated 10 policies on promoting lateral economic ties last year, the relevant departments have not adopted corresponding measures and methods.

IMPLICATIONS OF PLA CHIEF OF STAFF U.S. VISIT ANALYZED

OW080525 Taipei International Service in English 0200 GMT 7 May 86

[Station commentary]

[Text] Yang Teh-chih, chief of staff of Red China's Armed Forces, has begun a 2-week visit in the United States as Congress is taking up the question of the proposed \$550 million sale of avionics to upgrade Peking's fighter jets. Yang, who fought U.S. forces during the Korean war as deputy commander of Red China's volunteers, is not just making a return call to the 1985 visit by General John Vessey, the chairman of the Joint Chiefs of Staff. The composition of Yang's party indicates the real nature of his visit. It includes the PLA's service chief. He even brought his wife along to show his friendliness. Yang is expected to talk with Admiral William Crowe, Vessey's successor, on issues of common concern and meet other Pentagon officials. The issues of common concern are presumably the alarming Soviet military buildup in the Far East.

It goes without saying that the question of arms sale and transfer of American military technology will be discussed. In addition to the proposed sale of aircraft electronics, the U.S. has also agreed to sell Peking ship turbines, sonar equipment, and other items Peking needs to modernize the Red Navy. However, Peking is unlikely to make very large military purchases for two reasons. First, it does not have the cash to pay for the purchases. Second, it does not want to alarm the Soviets with whom the Chinese communist leadership has been busy building a bridge of friendship. Red China has stated that it is pursuing an independent foreign policy and that its military exchanges with the United States do not constitute any form of alliance. In other words, the once talked about parallel strategic interests with the United States no longer exist.

Even so, Peking will try to get access to U.S. military technology which is essential to the modernization of the PLA. But a modernized PLA will not be able to contribute to the U.S. efforts to checkmate the Soviets. Red China has its own ambitions. Its equidistance diplomacy is designed to further its own goal of eventually contending with both superpowers for world hegemony. So, American eagerness to help beef up the PLA will not in the least serve U.S. interests. On the contrary, it will lead to greater threat to the security of Red China's neighbors, the Republic of China in particular, and will finally give the U.S. itself a powerful adversary aside from the Soviet Union.

The WALL STREET JOURNAL noted that Red China jointed with Moscow in condemning the recent U.S. raid on Libya and described the military action as an act of terrorism. So, the paper raised an interesting question about U.S. foreign policy. It asked, rhetorically, how did the U.S. ever get the idea that its tilt toward Red China and away from Taiwan would be generously rewarded by Peking. It is a good question. We hope Yang Teh-chih's hosts in Washington will try to answer that question before they tilt further to Peking.

PAPERS CAUTION U.S. ON ARMS SALES TO MAINLAND

OW030455 Taipei CNA in English 0352 GMT 3 May 86

[Text] Taipei, May 2 (CNA) -- Two sister newspapers in the Republic of China [ROC] lauded several U.S. senators Friday for cautioning the Reagan administration to be wary of the serious consequences of selling arms to Red China and for their support of this nation.

The Taipei-based TAIWAN SHIN SHENG DAILY NEWS and the Kaosiung-based TAIWAN SHIN WEN PAO said in an identical editorial that U.S. Senator Jesse Helms, R-North Carolina, has recently introduced a resolution with Senator Barry Goldwater, R-Arizona, urging the Reagan administration to stop proposed sales of U.S. dollars 550 million worth of weapons to Red China.

The other two senators, Frank Murkowski, R-Alaska, and Malcolm Wallop, R-Wyoming, on the other hand, proposed that the Reagan administration sell F-20 fighters to the ROC to help maintain a military balance in the Taiwan Strait if it insists on selling sophisticated weapons to Red China, the papers said.

The two newspapers said that the United States, as a advocate of justice and a leader of the free world, should draw a clear demarcation line between its allies and enemies. The U.S. should never try to counterbalance the threats from the Soviet Union by beefing up the Peiping regime's military strength, nor should it comply with Peiping's demands by sacrificing the security of the ROC and other Asian nations, the editorial said. The editorial said it believes that the U.S. also knows very well that Red China, while trying to take advantage of the confrontation between the U.S. and the Soviet Union, has never stopped assisting rebels in the Third World countries to topple their governments.

This is why many people in the world feel puzzled over the U.S. motive for selling weapons to Red China, the papers said, expressing the hope that those voices of justice uttered by American senators will be able to convince the executive branch to drop its plan to assist Red China militarily.

#### CHINA POST LAUDS RESUMPTION OF U.S. ARMS SALES

OW051135 Taipei CHINA POST in English 30 Apr 86 p 4

[Editorial: "U.S. Resumption of Arms Sales to ROC"]

[Text] The United States State Department's recent announcement that the U.S. will continue to sell defensive arms to the Republic of China [ROC] in accordance with the Taiwan Relations Act to enable it to defend itself is a step in the right direction. At the same time, the State Department statement denied Chinese Communist cadre Hu Yao-pang's allegation that the Chinese Communists were not satisfied with U.S. compliance with the 1982 August 17 joint communique. The statement also denied that Washington was violating an agreement with Red China by supplying the ROC on Taiwan with the technology for developing an advanced jet fighter plane.

The Chinese Communist complaints are unfounded as the United States has been extremely cautious in handling the arms sales program with the ROC. As a matter of fact, the resumption of the arms sales program for the ROC has been demanded by many U.S. congressional leaders who visited the ROC recently. They include Senator Barry Goldwater (Rep-Ariz), Senator Alan Cranston (Dem-Calif), Senator Malcolm Wallop (R-Wyo) and 19 other congressmen who have sent a letter of protest to President Ronald Reagan on his decision to sell U.S. \$550 million worth of U.S. avionics equipment to Peking. At the same time, 52 U.S. conservative politicians and scholars have also recently appealed to President Reagan to sell the ROC advanced fighters to offset a proposed sale of avionics to Peking.

The appeals and protests must have drawn the Reagan administration's attention, and the recent State Department news release on the arms sales issue provided an initial answer to those appeals.

It is hoped that the American people will not be misled by the administration's responses to popular appeals and protests and urge those responsible for the arms sales to follow up with concrete authorization for the ROC in the form of advanced fighter planes and weapons for its self-defense needs. They should not limit the sales to a reduced value of previous sales but allow a factual estimate of what the ROC needs in bringing up its defense to a new and up-to-date level. The United States should not be limited in its action by the August 17 joint communique as it is in contradiction with the Taiwan Relations Act [TRA] and should not be permitted to stand.

A recent statement by Senator Cranston after his visit to the Republic of China shows his firm belief that the ROC should be supplied with all necessary defensive weapons in accordance with the TRA. Other U.S. congressional leaders should step up their appeals in this regard. At the same time, the U.S. Congress should reject the U.S. Administration's proposal to sell Peking U.S. avionics equipment which will in the end not only threaten the ROC but also other Asian-Pacific nations.

As the Chinese Communists have never renounced their intention of using force to settle the so-called "Taiwan issue" but have reiterated their desire to do so, tension in the Taiwan Strait remains high. Freedom and peace in the Asian-Pacific region remain unstable and require the constant vigilance and attention of all freedom-loving nations.

Chinese communist united front tactics in this regard should not be permitted to succeed. Peking is trying to deny all sales of U.S. arms to the ROC while it attempts to get U.S. arms sales.

We are glad that the United States has not fallen prey to Peking's traps and resolutely announced its readiness to resume its arms sales to the ROC. We only hope that concrete moves will follow the recent announcement.

#### COMMENTARY VIEWS DEVELOPMENT OF ADVANCED JET FIGHTER

OW021115 Taipei International Service in English 0200 GMT 1 May 86

[Station commentary]

[Text] The U.S. State Department last Friday denied an allegation by Peking's party chief Hu Yao-pang that the United States has violated an agreement with Red China by supporting Taipei with technology for developing an advanced fighter plane.

State Department Deputy Spokesman Charles Redman said the U.S. continued to adhere to the 1982 communique. He said, quote, we consider the sales of defense arms to Taiwan to be a routine matter consistent with U.S. policy since normalization, and the 1982 communique, unquote. Regarding the Republic of China's stand to build an advanced jet fighter, Redman noted that Taipei started the project many years ago, and that it is entirely Free China's domestic project. Published reports that the U.S. is providing technical advice to the ROC in developing such a fighter may be speculated. Even if they were true, it involved only private American companies. Furthermore, the Taiwan Relations Act, which is an American law, stipulates that Washington should provide the Republic of China with weapons sufficient for its self-defense.

In view of the importance of air supremacy and defense of Taiwan, the Republic of China has assigned top priority to the development of sophisticated jet fighters besides requesting the U.S. for the sale of more sophisticated jets to replace the nation's obsolescent F-5E and F-104 starfighters.

The Republic of China started the indigenous jet fighters project many years ago. According to official reports, the plane will not become operational until the early 1990's. The length of the research and development period seems to discredit the reported transfer of U.S. technology in the project. As a matter of fact, the ROC's defense industry has become increasingly sophisticated as evidenced in the recent successful test-firing of the locally-developed ground-to-air missile by the ROC Armed Forces.

In the aeronautics industry, the ROC has been manufacturing its own trainers for over 2 decades. The locally-developed jet trainer, designated as (AT-3), is as advanced as any other of its kind in the world. Besides, the ROC has been cooperating with Northrop for the production of F-5E's in Taiwan for over a decade. Some aspects of the plane-making technology invariably rub off on Chinese engineers and technicians since then. All these are irrelevant [as heard].

What right does Peking have in interfering with the American transaction with the Republic of China? Furthermore, Peking itself has been speeding or buying weapons technology in its own defense research and development, not counting the fact that its main-line jet fighters are all built on Soviet models. What's the fuss even if the ROC has selected the American technology in developing its own jet fighters.

#### KMT WORKERS URGED TO PROMOTE POLITICAL HARMONY

OW071359 Taipei CNA in English 1346 GMT 7 May 86

[Text] Taipei, May 7 (CNA) -- President Chiang Ching-kuo, in his capacity as chairman of the ruling Kuomintang, Wednesday called on party workers to communicate often with civic leaders with sincerity and open mind in an effort to promote political harmony and well-being of the people. Chiang officiated at a central Standing Committee meeting Wednesday to hear reports from party officials on KMT's major work for the year. While giving directives, Chiang specifically asked the policy coordination committee to review some existing social problems.

To lay a more solid foundation for the long-term national development, it is the basic national policy to promote political harmony, maintain social order, protect people's interests and raise their life quality, he pointed out. "They are also the goals that we have strived for over the years," he added.

He stressed that "our determination to carry out the constitutional democracy in this country will never change." However, he said moves which could damage national unity and harmony, threaten national security, and hurt the interest of the people will not be allowed by the law.

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